

**Company Registration Number 2149608**

**151 Products Limited**

**Financial Statements**

**31st December 2004**



# **151 PRODUCTS LIMITED**

## **Financial Statements**

**Year ended 31st December 2004**

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# **151 PRODUCTS LIMITED**

## **Officers and Professional Advisers**

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**The board of directors**

S M Shonn  
M W Shonn  
J S Shonn  
I P George

**Company secretary**

S M Shonn

**Registered office**

Emperor House  
151 Great Ducie Street  
Manchester  
M3 1FB

**Auditors**

CLB  
Chartered Accountants  
& Registered Auditors  
Century House  
11 St Peter's Square  
Manchester  
M2 3DN

**Bankers**

HSBC Bank Plc  
100 King Street  
Manchester  
M60 2HD

# 151 PRODUCTS LIMITED

## The Directors' Report

Year ended 31st December 2004

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2004.

### Principal activities and business review

The principal activity of the company continues to be that of wholesaling branded domestic products.

In the opinion of the directors the state of affairs of the business is satisfactory and there have been no material changes since the balance sheet date.

### Results and dividends

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

The directors have recommended the following dividends:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>25,000</u>	<u>60,000</u>

### Directors

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

S M Shonn  
M W Shonn  
J S Shonn  
I P George

None of the directors had any interest in the share capital of the company at the start or end of the financial period. S M Shonn and M W Shonn each own 50% of the parent company.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# 151 PRODUCTS LIMITED

## The Directors' Report *(continued)*

**Year ended 31st December 2004**

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### **Donations**

The company made £2,640 (2003 - £nil) of charitable donations in the current year

### **Auditors**

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

Registered office:  
Emperor House  
151 Great Ducie Street  
Manchester  
M3 1FB

Signed by order of the directors



S M Shonn  
Company Secretary

Approved by the directors on 6th June 2005

# **151 PRODUCTS LIMITED**

## **Independent Auditors' Report to the Shareholders**

**Year ended 31st December 2004**

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We have audited the financial statements of 151 Products Limited for the year ended 31st December 2004 on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## 151 PRODUCTS LIMITED

### Independent Auditors' Report to the Shareholders *(continued)*

Year ended 31st December 2004

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#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*CLB*

Century House  
11 St Peter's Square  
Manchester  
M2 3DN

CLB  
Chartered Accountants  
& Registered Auditors

6th June 2005

# 151 PRODUCTS LIMITED

## Profit and Loss Account

Year ended 31st December 2004

	Note	2004 £	2003 £
<b>Turnover</b>	2	13,049,935	10,913,541
Cost of sales		(9,240,036)	(7,726,853)
<b>Gross profit</b>		<u>3,809,899</u>	<u>3,186,688</u>
Distribution costs		(1,397,791)	(1,225,784)
Administrative expenses		(1,556,095)	(1,367,556)
<b>Operating profit</b>	3	<u>856,013</u>	<u>593,348</u>
Interest receivable		6,501	—
Interest payable and similar charges	6	(6,594)	(30,538)
<b>Profit on ordinary activities before taxation</b>		<u>855,920</u>	<u>562,810</u>
Tax on profit on ordinary activities	7	(264,062)	(179,098)
<b>Profit on ordinary activities after taxation</b>		<u>591,858</u>	<u>383,712</u>
Dividends	8	(25,000)	(60,000)
<b>Retained profit for the financial year</b>		<u>566,858</u>	<u>323,712</u>

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

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

The notes on pages 9 to 18 form part of these financial statements.



# 151 PRODUCTS LIMITED

## Balance Sheet

31st December 2004

	Note	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	9	<u>90,828</u>	<u>116,159</u>
<b>Current assets</b>			
Stocks	10	1,931,033	1,897,722
Debtors	11	1,923,479	1,173,597
Cash in hand		<u>262</u>	<u>233</u>
		<u>3,854,774</u>	<u>3,071,552</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>2,257,083</u>	<u>2,035,305</u>
<b>Net current assets</b>		<u>1,597,691</u>	<u>1,036,247</u>
<b>Total assets less current liabilities</b>		<u>1,688,519</u>	<u>1,152,406</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>9,482</u>	<u>33,370</u>
		<u>1,679,037</u>	<u>1,119,036</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	12	<u>-</u>	<u>6,857</u>
		<u>1,679,037</u>	<u>1,112,179</u>
<b>Capital and reserves</b>			
Called-up equity share capital	19	1,000	1,000
Profit and loss account	20	1,678,037	1,111,179
<b>Shareholders' funds</b>	21	<u>1,679,037</u>	<u>1,112,179</u>

These financial statements were approved by the directors on the 6th June 2005 and are signed on their behalf by:

S M Shonn

*Michael Bam*  
M W Shonn

The notes on pages 9 to 18 form part of these financial statements.

# 151 PRODUCTS LIMITED

## Cash Flow Statement

Year ended 31st December 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	22	349,952	798,092
<b>Returns on investments and servicing of finance</b>			
Interest received		6,501	—
Interest paid		(817)	(27,410)
Interest element of hire purchase		<u>(5,777)</u>	<u>(3,128)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		(93)	(30,538)
<b>Taxation</b>		(182,865)	(97,297)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		<u>(43,796)</u>	<u>(19,538)</u>
<b>Net cash outflow from capital expenditure</b>		(43,796)	(19,538)
<b>Equity dividends paid</b>		<u>(25,000)</u>	<u>(60,000)</u>
<b>Cash inflow before financing</b>		98,198	590,719
<b>Financing</b>			
Increase in bank loans		—	(355,084)
Invoice discounting		(148,236)	(322,166)
Capital element of hire purchase		<u>(31,574)</u>	<u>(35,189)</u>
<b>Net cash outflow from financing</b>		(179,810)	(712,439)
<b>Decrease in cash</b>	23	<u>(81,612)</u>	<u>(121,720)</u>

The notes on pages 9 to 18 form part of these financial statements.

# **151 PRODUCTS LIMITED**

## **Notes to the Financial Statements**

**Year ended 31st December 2004**

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### **1. Accounting policies**

#### **Basis of Accounting**

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

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Fixed Assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 33% on cost
Fixtures & Fittings	- 33% on cost
Motor Vehicles	- 25% on cost
Equipment	- 33% on cost

#### **Stocks**

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

#### **Hire Purchase Agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

#### **Operating Lease Agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension Costs**

The company pays contributions into a private personal pension scheme for one director. The annual contributions payable are charged to the Profit and Loss Account.

#### **Deferred Taxation**

Deferred taxation has been calculated on the full provision method as required by FRS 19. Deferred taxation is provided on timing differences which have originated but not reversed at the balance sheet date, at the rates of tax likely to be in force at the time of the reversal. Timing differences arise due to including gains and losses in tax assessments in periods different to those in the financial statements.

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 1. Accounting policies *(continued)*

#### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	12,729,901	10,759,290
Overseas sales	320,034	154,251
	<u>13,049,935</u>	<u>10,913,541</u>

### 3. Operating profit

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of owned fixed assets	40,134	32,046
Depreciation of assets held under hire purchase agreements	28,993	28,993
Auditors' remuneration		
- as auditors	10,750	9,000
Operating lease costs:		
Land and buildings	195,354	191,336
Net profit on foreign currency translation	<u>(106,874)</u>	<u>(29,818)</u>

### 4. Particulars of employees

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	1,141,419	827,028
Social security costs	128,865	81,373
Other pension costs	1,060	1,040
Director's pension costs	13,000	13,000
	<u>1,284,344</u>	<u>922,441</u>

The average number of employees during the year was 35 (2003 - 28) of which 13 (2003 - 10) were administrative staff.

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 5. Directors' emoluments

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

	2004 £	2003 £
Emoluments receivable	539,448	388,149
Value of company pension contributions to money purchase schemes	13,000	13,000
	<u>552,448</u>	<u>401,149</u>

#### Emoluments of highest paid director:

	2004 £	2003 £
Total emoluments (excluding pension contributions)	309,493	199,000
Value of company pension contributions to money purchase schemes	13,000	13,000
	<u>322,493</u>	<u>212,000</u>

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

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

### 6. Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowing	817	27,410
Finance charges	5,777	3,128
	<u>6,594</u>	<u>30,538</u>

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 7. Taxation on ordinary activities

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

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	272,547	184,434
Total current tax	272,547	184,434
Deferred tax:		
Origination and reversal of timing differences (note 12)		
Capital allowances	(8,485)	(5,336)
Tax on profit on ordinary activities	264,062	179,098

#### (b) Factors affecting current tax charge

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

	2004 £	2003 £
Profit on ordinary activities before taxation	855,920	562,810
Current tax on profit on ordinary activities	256,776	168,843
Permanently disallowable items	7,286	10,255
Capital allowances in excess of depreciation for the year	8,485	5,336
Total current tax (note 7(a))	272,547	184,434

### 8. Dividends

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

	2004 £	2003 £
Dividend paid on ordinary shares	25,000	60,000

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 9. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 January 2004	35,457	90,091	4,920	77,050	207,518
Additions	—	18,000	—	25,796	43,796
<b>At 31 December 2004</b>	<b>35,457</b>	<b>108,091</b>	<b>4,920</b>	<b>102,846</b>	<b>251,314</b>
<b>Depreciation</b>					
At 1 January 2004	4,250	39,820	3,690	43,599	91,359
Charge for the year	7,941	36,030	1,230	23,926	69,127
<b>At 31 December 2004</b>	<b>12,191</b>	<b>75,850</b>	<b>4,920</b>	<b>67,525</b>	<b>160,486</b>
<b>Net book value</b>					
<b>At 31 December 2004</b>	<b>23,266</b>	<b>32,241</b>	<b>—</b>	<b>35,321</b>	<b>90,828</b>
At 31 December 2003	31,207	50,271	1,230	33,451	116,159

#### Hire purchase agreements

Included within the net book value of £90,828 is £45,979 (2003 - £74,972) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £28,993 (2003 - £28,993).

### 10. Stocks

	2004 £	2003 £
Stock	<b>1,931,033</b>	<b>1,897,722</b>

### 11. Debtors

	2004 £	2003 £
Trade debtors	<b>1,551,187</b>	1,038,033
Amounts due from related undertakings	<b>108,743</b>	15,264
Invoice discounting	<b>154,297</b>	6,061
Other debtors	<b>19,387</b>	12,716
Prepayments and accrued income	<b>88,237</b>	101,523
Deferred taxation (note 12)	<b>1,628</b>	—
	<b>1,923,479</b>	<b>1,173,597</b>

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 12. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2004 £	2003 £
Included in debtors (note 11)	<u>1,628</u>	<u>--</u>

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

	2004 £	2003 £
Balance brought forward	(6,857)	(12,193)
Profit and loss account movement arising during the year	<u>8,485</u>	<u>5,336</u>
Balance carried forward	<u>1,628</u>	<u>(6,857)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	<u>1,628</u>	<u>(6,857)</u>
	<u>1,628</u>	<u>(6,857)</u>

### 13. Creditors: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	209,135	127,494
Trade creditors	899,689	1,033,834
Corporation tax	274,116	184,434
PAYE and social security	33,276	22,647
VAT	107,512	178,408
Hire purchase agreements	28,000	35,686
Amounts due to related undertakings	16,225	12,421
Directors current accounts	12,096	--
Accruals and deferred income	677,034	440,381
	<u>2,257,083</u>	<u>2,035,305</u>



# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 13. Creditors: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>209,135</u>	<u>127,494</u>

The company enters into short term "import loan" agreements with the bank, whereby the funds borrowed are secured on the stock purchased.

The bank overdraft is secured by a debenture in favour of HSBC Bank plc, by way of a fixed and floating charge over the assets and undertakings of the business.

### 14. Creditors: Amounts falling due after more than one year

	2004 £	2003 £
Hire purchase agreements	<u>9,482</u>	<u>33,370</u>

### 15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	30,910	37,351
Amounts payable between 1 and 2 years	8,691	30,910
Amounts payable between 3 and 5 years	—	7,909
	<u>39,601</u>	<u>76,170</u>
Less interest and finance charges relating to future periods	<u>(2,119)</u>	<u>(7,114)</u>
	<u>37,482</u>	<u>69,056</u>
Hire purchase agreements are analysed as follows:		
Current obligations	28,000	35,686
Non-current obligations	<u>9,482</u>	<u>33,370</u>
	<u>37,482</u>	<u>69,056</u>

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 16. Commitments under operating leases

At 31st December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	24,772	—	—	8,434
Within 2 to 5 years	145,000	59,787	169,772	56,722
	<u>169,772</u>	<u>59,787</u>	<u>169,772</u>	<u>65,156</u>

### 17. Contingencies

At 31 December 2004 the company had given an unlimited cross company guarantee in favour of Shonn Brothers (Manchester) Limited to HSBC Bank plc, for all overdrawn balances. Also at 31 December 2004 the company had given a guarantee in favour of HM Customs and Excise for £30,000 (2003 - £200,000).

### 18. Related party transactions

During the year the company received goods and services on a normal commercial basis from related companies controlled by the Shonn family as follows:

	2004 £	2003 £
Invoiced from Shonn Brothers (Manchester) Limited	40,348	104,671
Invoiced to Shonn Brothers (Manchester) Limited	965,625	881,352
Invoiced from Freetime Communications Limited	30,938	39,147
Invoiced to Freetime Communications Limited	10,735	9,396
Amounts outstanding at the year end:		
Due from Shonn Brothers (Manchester) Limited	<u>107,952</u>	<u>15,264</u>
Due to Freetime Communications Limited	<u>(16,225)</u>	<u>(12,421)</u>

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 19. Share capital

#### Authorised share capital:

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

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

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 20. Profit and loss account

	2004 £	2003 £
Balance brought forward	1,111,179	787,467
Retained profit for the financial year	<u>566,858</u>	<u>323,712</u>
Balance carried forward	<u>1,678,037</u>	<u>1,111,179</u>

### 21. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	591,858	383,712
Dividends	<u>(25,000)</u>	<u>(60,000)</u>
	566,858	323,712
Opening shareholders' equity funds	<u>1,112,179</u>	<u>788,467</u>
Closing shareholders' equity funds	<u>1,679,037</u>	<u>1,112,179</u>

### 22. Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	856,013	593,348
Depreciation	69,127	61,039
Increase in stocks	(33,311)	(296,336)
Increase in debtors	(600,018)	(286,732)
Increase in creditors	<u>58,141</u>	<u>726,773</u>
Net cash inflow from operating activities	<u>349,952</u>	<u>798,092</u>

# 151 PRODUCTS LIMITED

## Notes to the Financial Statements

Year ended 31st December 2004

### 23. Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Decrease in cash in the period	(81,612)	(121,720)
Net cash outflow from bank loans	—	355,084
Invoice discounting	148,236	322,166
Cash outflow in respect of hire purchase	31,574	35,189
<b>Change in net debt resulting from cash flows</b>	<b>98,198</b>	<b>590,719</b>
New finance leases	—	(41,215)
Movement in net debt in the period	98,198	549,504
Net debt at 1 January 2004	(190,256)	(739,760)
Net debt at 31 December 2004	(92,058)	(190,256)

### 24. Analysis of changes in net debt

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	233	29	262
Overdrafts	(127,494)	(81,641)	(209,135)
	(127,261)	(81,612)	(208,873)
Debt:			
Debt due within 1 year	6,061	148,236	154,297
Hire purchase agreements	(69,056)	31,574	(37,482)
	(62,995)	179,810	116,815
Net debt	(190,256)	98,198	(92,058)

### 25. Ultimate controlling party

The company is a 100% subsidiary of Eurostation Limited, its immediate and ultimate parent company, registered in England and Wales. Eurostation Limited is controlled by the Shonn family for both this and the pre-eding year.