

Company Registration Number 2149608

151 Products Limited

Financial Statements

31st December 2003



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151 PRODUCTS LIMITED

Financial Statements

Year ended 31st December 2003

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151 PRODUCTS LIMITED

Officers and Professional Advisers

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 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2003.

Principal activities and review of the business

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:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>60,000</u>	<u>—</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 2003

Donations

The company made £Nil (2002 - £820) 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 18.10.04

151 PRODUCTS LIMITED

Independent Auditors' Report to the Shareholders

Year ended 31st December 2003

We have audited the financial statements 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.

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

Year ended 31st December 2003

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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

CRB

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

18/10/04

CLB
Chartered Accountants
& Registered Auditors

151 PRODUCTS LIMITED

Profit and Loss Account

Year ended 31st December 2003

	Note	2003 £	2002 £
Turnover	2	10,913,541	8,121,974
Cost of sales		(7,726,853)	(6,085,943)
Gross profit		3,186,688	2,036,031
Distribution costs		(1,225,784)	(918,855)
Administrative expenses		(1,367,556)	(760,305)
Operating profit	3	593,348	356,871
Interest payable	6	(30,538)	(25,813)
Profit on ordinary activities before taxation		562,810	331,058
Tax on profit on ordinary activities	7	(179,098)	(115,079)
Profit on ordinary activities after taxation		383,712	215,979
Dividends	8	(60,000)	—
Retained profit for the financial year		323,712	215,979

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 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	<u>116,159</u>	<u>116,445</u>
Current assets			
Stocks	10	1,897,722	1,601,386
Debtors	11	1,173,597	880,804
Cash in hand		<u>233</u>	<u>81</u>
		<u>3,071,552</u>	<u>2,482,271</u>
Creditors: Amounts falling due within one year	12	<u>2,035,306</u>	<u>1,757,947</u>
Net current assets		<u>1,036,246</u>	<u>724,324</u>
Total assets less current liabilities		<u>1,152,405</u>	<u>840,769</u>
Creditors: Amounts falling due after more than one year	13	<u>33,370</u>	<u>40,110</u>
		<u>1,119,035</u>	<u>800,659</u>
Provisions for liabilities and charges			
Deferred taxation	15	<u>6,857</u>	<u>12,193</u>
		<u>1,112,178</u>	<u>788,466</u>
Capital and reserves			
Called-up equity share capital	19	1,000	1,000
Profit and loss account	20	<u>1,111,178</u>	<u>787,466</u>
Shareholders' funds	21	<u>1,112,178</u>	<u>788,466</u>

These financial statements were approved by the directors on the18.10.04....., and are signed on their behalf by:



S M Shonn



M W Shonn

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

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Cash Flow Statement

Year ended 31st December 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	22	798,093	37,389
Returns on investments and servicing of finance			
Interest paid		(27,410)	(25,102)
Interest element of hire purchase		(3,128)	(711)
Net cash outflow from returns on investments and servicing of finance		(30,538)	(25,813)
Taxation		(97,297)	(94,279)
Capital expenditure			
Payments to acquire tangible fixed assets		(19,538)	(45,465)
Net cash outflow from capital expenditure		(19,538)	(45,465)
Equity dividends paid		(60,000)	—
Cash inflow/(outflow) before financing		590,720	(128,168)
Financing			
(Repayment) of bank loans		(355,084)	159,812
Invoice discounting		(322,166)	300,967
Capital element of hire purchase		(35,189)	(5,879)
Net cash (outflow)/inflow from financing		(712,439)	454,900
(Decrease)/increase in cash	23	(121,719)	326,732

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 2003

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.

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Notes to the Financial Statements

Year ended 31st December 2003

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:

	2003 £	2002 £
United Kingdom	10,759,290	8,105,927
Overseas sales	154,251	16,047
	<u>10,913,541</u>	<u>8,121,974</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	32,046	12,795
Depreciation of assets held under hire purchase agreements	28,993	6,279
Auditors' remuneration		
- as auditors	9,000	6,000
Operating lease costs:		
Land and buildings	191,336	30,000
Net (profit)/loss on foreign currency translation	<u>(29,818)</u>	<u>666</u>

4. Particulars of employees

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	827,028	453,505
Social security costs	81,373	39,346
Other pension costs	1,040	960
Directors pension costs	13,000	2,167
	<u>922,441</u>	<u>495,978</u>

The average number of employees during the year was 28 (2002 - 27) of which 10 (2002 - 10) were administrative staff.

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Notes to the Financial Statements

Year ended 31st December 2003

5. Directors' emoluments

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

	2003 £	2002 £
Emoluments receivable	388,149	148,076
Value of company pension contributions to money purchase schemes	13,000	2,167
	<u>401,149</u>	<u>150,243</u>

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions)	199,000	99,398
Value of company pension contributions to money purchase schemes	13,000	2,167
	<u>212,000</u>	<u>101,565</u>

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

	2003 No	2002 No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest payable and similar charges

	2003 £	2002 £
Interest payable on bank borrowing	27,410	25,102
Finance charges	3,128	711
	<u>30,538</u>	<u>25,813</u>

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Notes to the Financial Statements

Year ended 31st December 2003

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	184,434	95,881
Over/under provision in prior year	—	10,695
Total current tax	184,434	106,576
Deferred tax:		
Origination and reversal of timing differences (note 15)		
Capital allowances	(5,336)	8,503
Tax on profit on ordinary activities	179,098	115,079

(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% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	562,810	331,058
Current tax on profit on ordinary activities	168,843	99,317
Permanently disallowable items	10,255	5,284
Capital allowances in excess of depreciation for the year	5,336	(8,720)
Under/(Over) provision in respect of prior years	—	10,695
Total current tax (note 7(a))	184,434	106,576

8. Dividends

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

	2003 £	2002 £
Dividend paid on ordinary shares	60,000	—

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

9. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 January 2003	557	83,244	4,920	58,044	146,765
Additions	34,900	6,847	—	19,006	60,753
At 31 December 2003	<u>35,457</u>	<u>90,091</u>	<u>4,920</u>	<u>77,050</u>	<u>207,518</u>
Depreciation					
At 1 January 2003	372	9,789	2,460	17,699	30,320
Charge for the year	3,878	30,031	1,230	25,900	61,039
At 31 December 2003	<u>4,250</u>	<u>39,820</u>	<u>3,690</u>	<u>43,599</u>	<u>91,359</u>
Net book value					
At 31 December 2003	<u>31,207</u>	<u>50,271</u>	<u>1,230</u>	<u>33,451</u>	<u>116,159</u>
At 31 December 2002	<u>185</u>	<u>73,455</u>	<u>2,460</u>	<u>40,345</u>	<u>116,445</u>

Hire purchase agreements

Included within the net book value of £116,159 is £74,972 (2002 - £69,065) 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 (2002 - £6,279).

10. Stocks

	2003 £	2002 £
Stock	<u>1,897,722</u>	<u>1,601,386</u>

11. Debtors

	2003 £	2002 £
Trade debtors	1,038,033	679,999
Amounts due from related undertakings	15,264	136,589
Invoice discounting	6,061	—
Other debtors	12,716	—
Prepayments and accrued income	101,523	64,216
	<u>1,173,597</u>	<u>880,804</u>

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

12. Creditors: Amounts falling due within one year

	2003 £	2002 £
Invoice discounting	–	316,105
Bank loans and overdrafts	127,494	360,707
Trade creditors	1,033,835	760,803
Corporation tax	184,434	97,297
PAYE and social security	22,647	13,676
VAT	178,408	5,975
Hire purchase agreements	35,686	22,920
Other creditors	–	60
Amounts due to related undertakings	12,421	2,213
Accruals and deferred income	440,381	178,191
	<u>2,035,306</u>	<u>1,757,947</u>

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

	2003 £	2002 £
Bank loans and overdrafts	127,494	360,707
Invoice discounting	–	316,105
	<u>127,494</u>	<u>676,812</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.

13. Creditors: Amounts falling due after more than one year

	2003 £	2002 £
Hire purchase agreements	<u>33,370</u>	<u>40,110</u>

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	37,351	25,763
Amounts payable between 1 and 2 years	30,910	25,763
Amounts payable between 3 and 5 years	7,909	19,323
	<u>76,170</u>	<u>70,849</u>
Less interest and finance charges relating to future periods	(7,114)	(7,819)
	<u>69,056</u>	<u>63,030</u>
Hire purchase agreements are analysed as follows:		
Current obligations	35,686	22,920
Non-current obligations	33,370	40,110
	<u>69,056</u>	<u>63,030</u>

15. Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	12,193	3,690
Profit and loss account movement arising during the year	(5,336)	8,503
Provision carried forward	<u>6,857</u>	<u>12,193</u>

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

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	6,857	12,193
	<u>6,857</u>	<u>12,193</u>

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

16. Commitments under operating leases

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

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	8,434	—	9,568
Within 2 to 5 years	169,772	56,722	24,772	43,421
After more than 5 years	—	—	145,000	—
	<u>169,772</u>	<u>65,156</u>	<u>169,772</u>	<u>52,989</u>

17. Contingencies

At 31 December 2003 the company had given an unlimited guarantee in favour of Shonn Brothers (Manchester) Limited to HSBC Bank plc, for all overdrawn balances. Also at 31 December 2003 the company had given a guarantee in favour of HM Customs and Excise for £200,000 (2002 - £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:

	2003 £	2002 £
Invoiced from Shonn Brothers (Manchester) Limited	104,671	135,019
Invoiced to Shonn Brothers (Manchester) Limited	881,352	822,178
Invoiced from Freetime Communications Limited	39,147	265
Invoiced to Freetime Communications Limited	9,396	—
Amounts outstanding at the year end:		
Due from Shonn Brothers (Manchester) Limited	<u>15,264</u>	<u>136,589</u>
Due to Freetime Communications Limited	<u>(12,421)</u>	<u>(2,213)</u>

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

19. Share capital

Authorised share capital:

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

Allotted, called up and fully paid:

	2003 No	£	2002 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

	2003 £	2002 £
Balance brought forward	787,466	571,487
Retained profit for the financial year	<u>323,712</u>	<u>215,979</u>
Balance carried forward	<u>1,111,178</u>	<u>787,466</u>

21. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	383,712	215,979
Dividends	<u>(60,000)</u>	<u>—</u>
	323,712	215,979
Opening shareholders' equity funds	<u>788,466</u>	<u>572,487</u>
Closing shareholders' equity funds	<u>1,112,178</u>	<u>788,466</u>

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

	2003 £	2002 £
Operating profit	593,348	356,871
Depreciation	61,039	19,074
Increase in stocks	(296,336)	(827,779)
Increase in debtors	(286,732)	(24,426)
Increase in creditors	726,774	513,649
Net cash inflow from operating activities	<u>798,093</u>	<u>37,389</u>

151 PRODUCTS LIMITED

Notes to the Financial Statements

Year ended 31st December 2003

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

	2003 £	2002 £
(Decrease)/increase in cash in the period	(121,719)	326,732
Net cash outflow from/(inflow) from bank loans	355,084	(159,812)
Invoice discounting	322,166	(300,967)
Cash outflow in respect of hire purchase	35,189	5,879
Change in net debt resulting from cash flows	590,720	(128,168)
New finance leases	(41,215)	(68,909)
Movement in net debt in the period	549,505	(197,077)
Net debt at 1 January 2003	(739,761)	(542,684)
Net debt at 31 December 2003	(190,256)	(739,761)

24. Analysis of changes in net debt

	At 1 Jan 2003 £	Cash flows £	Other changes £	At 31 Dec 2003 £
Net cash:				
Cash in hand and at bank	81	152	—	233
Overdrafts	(5,623)	(121,871)	—	(127,494)
	<u>(5,542)</u>	<u>(121,719)</u>	<u>—</u>	<u>(127,261)</u>
Debt:				
Debt due within 1 year	(671,189)	677,250	—	6,061
Hire purchase agreements	(63,030)	35,189	(41,215)	(69,056)
	<u>(734,219)</u>	<u>712,439</u>	<u>(41,215)</u>	<u>(62,995)</u>
Net debt	<u>(739,761)</u>	<u>590,720</u>	<u>(41,215)</u>	<u>(190,256)</u>

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.