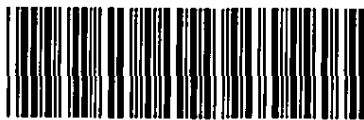


Company Registration No 04787511 (England and Wales)

MERIDIAN DISTRIBUTION UK LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2005

TUESDAY



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MERIDIAN DISTRIBUTION UK LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Director | Parvez Ali |
| Secretary | Mark Hussey |
| Company number | 04787511 |
| Registered office | Unit 8C Chancel Street London SE1 0UX |
| Auditors | M/s Thangaveloo Munstertäler Str 32 79219 Staufen Germany |
| Business address | Unit 8C Chancel Street London SE1 0UX |

MERIDIAN DISTRIBUTION UK LIMITED

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MERIDIAN DISTRIBUTION UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2005

The director presents his report and financial statements for the year ended 30 November 2005

Principal activities

The principal activity of the company continued to be that of importers and exporters of wholesale household electrical and other goods

Director

The following director has held office since 1 December 2004

Parvez Ali

Director's interests

The director's interest in the shares of the company was as stated below

| | Ordinary of £1 each | |
|------------|---------------------|-----------------|
| | 30 November 2005 | 1 December 2004 |
| Parvez Ali | - | - |

Parvez Ali also serves on the board of the parent undertaking. His interest in the issued share capital of that company is disclosed in its directors report

Auditors

M/s Thangaveloo were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

Director's responsibilities

Company law requires the director 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 profit or loss of the company for that period. In preparing those financial statements, the director is required to

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board



Mark Hussey
Secretary
27 July 2007

MERIDIAN DISTRIBUTION UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MERIDIAN DISTRIBUTION UK LIMITED

We have audited the financial statements of Meridian Distribution UK Limited for the year ended 30 November 2005 set out on pages 4 to 10. These financial statements have been prepared under the historical cost convention and 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 the director and auditors

As described in the Statement of Director's Responsibilities on page 1, the company's director is 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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 director 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.


MERIDIAN DISTRIBUTION UK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MERIDIAN DISTRIBUTION UK LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



M/s Thangaveloo

27 July 2007

Chartered Certified Accountants
Registered Auditor

Munstertäler Str 32
79219 Staufen
Germany

MERIDIAN DISTRIBUTION UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2005

| | Notes | 2005 £ | 2004 £ |
|--|----------|--------------|-------------|
| Turnover | | 21,532,861 | 3,433,118 |
| Cost of sales | | (20,595,973) | (3,199,376) |
| Gross profit | | 936,888 | 233,742 |
| Distribution costs | | (45,571) | (10,967) |
| Administrative expenses | | (104,191) | (62,737) |
| Other operating income | | 11,501 | - |
| Operating profit | 2 | 798,627 | 160,038 |
| Other interest receivable and similar income | 3 | 6,069 | 976 |
| Profit on ordinary activities before taxation | | 804,696 | 161,014 |
| Tax on profit on ordinary activities | 4 | (256,710) | - |
| Profit on ordinary activities after taxation | | 547,986 | 161,014 |
| Dividends | | (120,000) | - |
| Retained profit for the year | 9 | 427,986 | 161,014 |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

MERIDIAN DISTRIBUTION UK LIMITED

BALANCE SHEET

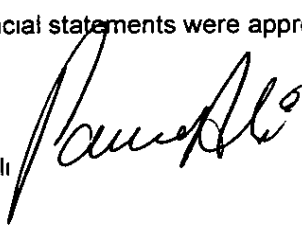
AS AT 30 NOVEMBER 2005

| | Notes | 2005 £ | £ | 2004 £ | £ |
|---|-------|--------------------|----------------|--------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 23,678 | | 1,002 |
| Current assets | | | | | |
| Stocks | | 9,000 | | - | |
| Debtors | 6 | 2,476,265 | | 1,853,561 | |
| Cash at bank and in hand | | 414,288 | | 344 | |
| | | <u>2,899,553</u> | | <u>1,853,905</u> | |
| Creditors, amounts falling due within one year | 7 | <u>(2,334,229)</u> | | <u>(1,693,891)</u> | |
| Net current assets | | | <u>565,324</u> | | <u>160,014</u> |
| Total assets less current liabilities | | | <u>589,002</u> | | <u>161,016</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 2 | | 2 |
| Profit and loss account | 9 | | 589,000 | | 161,014 |
| Shareholders' funds - equity interests | 10 | | <u>589,002</u> | | <u>161,016</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board on 27 July 2007

Parvez Ali
Director



MERIDIAN DISTRIBUTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | |
|--------------------------------|----------------------|
| Computer equipment | 25% Reducing balance |
| Fixtures, fittings & equipment | 25% Reducing balance |
| Motor vehicles | 25% Reducing balance |

1.5 Stock

Stock is valued at the lower of cost and net realisable value

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

2 Operating profit

| | 2005 £ | 2004 £ |
|---|-------------------|-------------------|
| Operating profit is stated after charging | | |
| Depreciation of tangible assets | 7,892 | 334 |
| Auditors' remuneration | 3,000 | - |
| | <u> </u> | <u> </u> |

3 Investment income

| | 2005 £ | 2004 £ |
|---------------|-------------------|-------------------|
| Bank interest | 1,738 | 976 |
| | <u> </u> | <u> </u> |

MERIDIAN DISTRIBUTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2005

| 4 | Taxation | 2005 £ | 2004 £ |
|---|--|----------------|----------------|
| | Domestic current year tax | | |
| | U K corporation tax | 243,646 | - |
| | Adjustment for prior years | 13,064 | - |
| | Current tax charge | <u>256,710</u> | <u>-</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | <u>804,696</u> | <u>161,014</u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 0.00%) | <u>241,409</u> | <u>-</u> |
| | Effects of | | |
| | Non deductible expenses | 1,732 | - |
| | Depreciation add back | 2,368 | - |
| | Capital allowances | (1,863) | - |
| | Adjustments to previous periods | 13,064 | - |
| | | <u>15,301</u> | <u>-</u> |
| | Current tax charge | <u>256,710</u> | <u>-</u> |

MERIDIAN DISTRIBUTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2005

5 Tangible fixed assets

| | Plant and machinery etc |
|-----------------------|-------------------------|
| | £ |
| Cost | |
| At 1 December 2004 | 1,336 |
| Additions | 30,568 |
| | <hr/> |
| At 30 November 2005 | 31,904 |
| | <hr/> |
| Depreciation | |
| At 1 December 2004 | 334 |
| Charge for the year | 7,892 |
| | <hr/> |
| At 30 November 2005 | 8,226 |
| | <hr/> |
| Net book value | |
| At 30 November 2005 | 23,678 |
| | <hr/> |
| At 30 November 2004 | 1,002 |
| | <hr/> |

6 Debtors

| | 2005 £ | 2004 £ |
|---------------|-----------|-----------|
| Trade debtors | 1,745,778 | 1,604,832 |
| Other debtors | 730,487 | 248,729 |
| | <hr/> | <hr/> |
| | 2,476,265 | 1,853,561 |
| | <hr/> | <hr/> |

7 Creditors: amounts falling due within one year

| | 2005 £ | 2004 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 1,829,519 | 1,489,023 |
| Taxation and social security | 256,710 | - |
| Other creditors | 248,000 | 204,868 |
| | <hr/> | <hr/> |
| | 2,334,229 | 1,693,891 |
| | <hr/> | <hr/> |

MERIDIAN DISTRIBUTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2005

| 8 | Share capital | 2005 | 2004 |
|----|---|-------------|--|
| | | £ | £ |
| | Authorised | | |
| | 1,000 Ordinary of £1 each | 1,000 | 1,000 |
| | | | |
| | Allotted, called up and fully paid | | |
| | 2 Ordinary of £1 each | 2 | 2 |
| 9 | Statement of movements on profit and loss account | | Profit and loss account £ |
| | Balance at 1 December 2004 | | 161,014 |
| | Retained profit for the year | | 427,986 |
| | | | |
| | Balance at 30 November 2005 | | 589,000 |
| 10 | Reconciliation of movements in shareholders' funds | 2005 | 2004 |
| | | £ | £ |
| | Profit for the financial year | 547,986 | 161,014 |
| | Dividends | (120,000) | - |
| | | | |
| | | 427,986 | 161,014 |
| | Proceeds from issue of shares | - | 2 |
| | | | |
| | Net addition to shareholders' funds | 427,986 | 161,016 |
| | Opening shareholders' funds | 161,016 | - |
| | | | |
| | Closing shareholders' funds | 589,002 | 161,016 |

MERIDIAN DISTRIBUTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2005

11 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows

| | Amount outstanding | | Maximum |
|--|--------------------|--------|---------|
| | 2005 | 2004 | in year |
| | £ | £ | £ |
| Director's current account (debit bal) | 50,370 | 10,104 | 50,370 |

12 Control

The ultimate parent company is Sovereign Car Hire Services Limited, a company registered in England and Wales

13 Related party transactions

The company paid rent of £3,000 to its parent undertakings Sovereign Car Hire Services Limited in the year

MERIDIAN DISTRIBUTION UK LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2005

MERIDIAN DISTRIBUTION UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2005

| | 2005 | 2004 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Turnover | | |
| Sales - UK | 11,374,639 | 3,433,118 |
| Sales - Europe | 6,319,184 | - |
| Sales - USA | 1,488,681 | - |
| Sales - CH | 1,498,357 | - |
| Sales - Asia | 852,000 | - |
| | <u>21,532,861</u> | <u>3,433,118</u> |
| Cost of sales | | |
| Materials | 9,000 | - |
| Purchases | 20,595,873 | 3,199,376 |
| Direct costs | 100 | - |
| | <u>20,604,973</u> | <u>3,199,376</u> |
| Closing stock of finished goods | (9,000) | - |
| | <u>(20,595,973)</u> | <u>(3,199,376)</u> |
| Gross profit | <u>936,888</u> | <u>233,742</u> |
| Distribution costs | 45,571 | 10,967 |
| Administrative expenses | 104,191 | 62,737 |
| | <u>(149,762)</u> | <u>(73,704)</u> |
| | <u>787,126</u> | <u>160,038</u> |
| Other operating income | | |
| Sundry income | 11,501 | - |
| | <u>798,627</u> | <u>160,038</u> |
| Operating profit | <u>798,627</u> | <u>160,038</u> |
| Other interest receivable and similar income | | |
| Bank interest received | 1,738 | 976 |
| Interest on tax refund - received | 4,331 | - |
| | <u>6,069</u> | <u>976</u> |
| Profit before taxation | <u><u>804,696</u></u> | <u><u>161,014</u></u> |

MERIDIAN DISTRIBUTION UK LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 NOVEMBER 2005

| | 2005 £ | 2004 £ |
|------------------------------------|----------------|---------------|
| Distribution costs | | |
| Insurance | 14,090 | - |
| Carriage outwards | 31,481 | 10,967 |
| | <u>45,571</u> | <u>10,967</u> |
| Administrative expenses | | |
| Rent re licences and other | 8,850 | 3,361 |
| Repairs and maintenance | 504 | - |
| Printing, postage and stationery | 1,790 | 2,131 |
| Advertising | 825 | - |
| Telephone | 2,539 | 2,471 |
| Computer running costs | 573 | 1,191 |
| Motor running expenses | 9,527 | 767 |
| Travelling expenses | 4,943 | - |
| Entertaining - allowable | 829 | - |
| Legal and prof fees - allowable | 505 | 15 |
| Consultancy fees | 54,510 | 47,790 |
| Accountancy | 5,000 | 3,372 |
| Audit fees | 3,000 | - |
| Bank charges | 2,629 | 314 |
| Sundry expenses - allowable | 275 | 991 |
| Depreciation on FF & E | 250 | 334 |
| Depreciation on motor vehicles | 7,012 | - |
| Depreciation on computer equipment | 630 | - |
| | <u>104,191</u> | <u>62,737</u> |