

Directa (UK) Limited

Report and Financial Statements

Year Ended

30 April 2000



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BDO Stoy Hayward
Chartered Accountants

DIRECTA (UK) LIMITED

Annual report and financial statements for the year ended 30 April 2000

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Directors

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Directors

L D Dennison
M D Coburn
T Neale
M V Storey

Secretary and registered office

Mrs J M Poston, Cold Norton, Essex, CM3 6UA

Company number

1008317

Auditors

BDO Stoy Hayward, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW.

Bankers

National Westminster Bank Plc, 6 High Street, Chelmsford, Essex, CM1 1BL.

DIRECTA (UK) LIMITED

Report of the directors for the year ended 30 April 2000

The directors present their report together with the audited financial statements for the year ended 30 April 2000.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors recommend the payment of a dividend of £80,000 on ordinary shares, and the retained profit of £65,141 is to be carried to reserves.

Principal activities, trading review and future developments

Throughout the year the activities of the company continued to be that of manufacturers, distributors, importers and exporters, and wholesalers of adhesive tapes, abrasives, signs and industrial consumables.

This year showed both a satisfactory increase in sales and actual operating income. An entirely new catalogue was produced and launched in January taking the company forward to the new millennium.

It is pleasing to report that our subsidiary companies in the field of entertainment and leisure both showed satisfactory improvements with Surefire Entertainments Limited recording a profit for the first time.

Tangible fixed assets

The directors are of the opinion that the market value of the company's freehold properties is in excess of their net book value.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary £1 shares	
	2000	1999
L D Dennison	100,000	100,000
M D Coburn	60,000	60,000
T Neale	-	-
M V Storey	-	-

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 profit or loss of the company for that period. 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; and

DIRECTA (UK) LIMITED

Report of the directors for the year ended 30 April 2000 (*Continued*)

Directors' responsibilities (*continued*)

- 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. They 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.

Charitable donations

During the year the company made charitable donations totalling £5,185.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



Mrs J M Poston
Secretary

Date 14/9/00

DIRECTA (UK) LIMITED

Report of the auditors

To the shareholders of Directa (UK) Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
Chelmsford*

Date 19 September 2000

DIRECTA (UK) LIMITED**Profit and loss account for the year ended 30 April 2000**

	Note	2000 £	1999 £
Turnover	2	5,407,754	5,135,582
Cost of sales		2,675,834	2,572,248
Gross profit		2,731,920	2,563,334
Selling and distribution costs		1,130,736	988,181
Administrative expenses		1,459,403	1,553,392
		141,781	21,761
Other operating income		25,307	39,082
Operating profit	5	167,088	60,843
Profit on disposal of investment	11	-	199,500
Interest receivable	6	37,122	52,683
Profit on ordinary activities before taxation		204,210	313,026
Taxation on profit on ordinary activities	7	73,169	69,597
Profit on ordinary activities after taxation		131,041	243,429
Dividends proposed	8	80,000	80,000
Retained profit for the year		51,041	163,429
Retained profit brought forward		1,403,627	1,240,198
Retained profit carried forward		1,454,668	1,403,627

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements on shareholders' funds apart from the retained profit for the year.

The notes on pages 7 to 15 form part of these financial statements.

DIRECTA (UK) LIMITED**Balance sheet at 30 April 2000**

	Note	2000	1999
		£	£
Fixed assets			
Intangible assets	9	1,717	1,717
Tangible assets	10	816,689	796,754
Investments	11	67,500	75,000
		<u>885,906</u>	<u>873,471</u>
Current assets			
Stocks	12	420,447	333,162
Debtors	13	1,094,451	1,101,560
Cash at bank and in hand		654,020	649,338
		<u>2,168,918</u>	<u>2,084,060</u>
Creditors: amounts falling due within one year	14	1,400,156	1,353,904
		<u>768,762</u>	<u>730,156</u>
Net current assets			
		<u>1,654,668</u>	<u>1,603,627</u>
Total assets less current liabilities			
		<u>1,654,668</u>	<u>1,603,627</u>
Capital and reserves			
Called up share capital	15	200,000	200,000
Profit and loss account		1,454,668	1,403,627
		<u>1,654,668</u>	<u>1,603,627</u>
Shareholders' funds			
		<u>1,654,668</u>	<u>1,603,627</u>

All amounts relate to equity interests.

The financial statements were approved by the Board on 14/9/00


L D Dennison
Director

The notes on pages 7 to 15 form part of these financial statements.

DIRECTA (UK) LIMITED**Cash flow statement for the year ended 30 April 2000**

	Note	2000	1999
		£	£
Net cash inflow from operating activities	16	221,363	165,999
Returns on investments and servicing of finance			
Interest received		37,122	52,683
Dividends received		-	15,000
		<u>37,122</u>	<u>67,683</u>
Taxation			
Corporation tax paid		(74,266)	(84,847)
		<u>(74,266)</u>	<u>(84,847)</u>
Investing activities			
Payments to acquire tangible fixed assets		(182,091)	(193,365)
Receipts from sales of tangible fixed assets		31,054	1,499
Purchase of investment		(17,500)	-
Receipt from sale of investment (dividends)		69,000	131,000
		<u>(99,537)</u>	<u>(60,866)</u>
		84,682	87,969
Equity dividends paid		<u>(80,000)</u>	<u>(80,000)</u>
Cash inflow before use of liquid resources and financing		<u>4,682</u>	<u>7,969</u>
Increase in cash	17	<u>4,682</u>	<u>7,969</u>

The notes on pages 7 to 15 form part of these financial statements.

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Group accounts

The company is exempt from the requirement to prepare group accounts by virtue of S.248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax. This is after deducting discounts given and credit notes issued.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and equipment	-	10 - 33⅓% per annum
Motor vehicles	-	10 - 33⅓% per annum

Depreciation is provided on freehold buildings, to write off the cost in full over a period of 50 years from acquisition.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost has been calculated on a "first in first out" basis.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can reasonably be foreseen that such deferred taxation will not be payable in the future.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

2 Turnover

Turnover is wholly attributable to the company's principal activities which are carried out in the United Kingdom.

3 Employees

	2000 £	1999 £
Staff costs (including directors) consist of:		
Wages and salaries	1,240,444	1,169,009
Social security costs	120,086	106,902
Other pension costs	157,710	155,597
	<u>1,518,240</u>	<u>1,431,508</u>

The average number of employees (including directors) during the year was as follows:

	Number	Number
Manufacturing	3	3
Selling and distribution	36	40
Office and management	16	17
	<u>55</u>	<u>60</u>

DIRECTA (UK) LIMITEDNotes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)**4 Directors' emoluments**

	2000 £	1999 £
Directors' emoluments consist of:		
Emoluments for services as directors	333,152	315,676
Payments to defined contribution pension schemes	115,764	115,267
	<u>448,916</u>	<u>430,943</u>

Emoluments of highest paid director:

Remuneration for services as a director	91,622	89,697
Amounts paid to the company's defined contribution pension scheme	65,000	65,000
	<u>156,622</u>	<u>154,697</u>

There were 4 (1999 - 4) directors in the company's defined contribution pension schemes during the year.

5 Operating profit

	2000 £	1999 £
This is arrived at after charging/(crediting):		
Provision for diminution in value of investment	25,000	25,000
Depreciation of tangible fixed assets	134,003	100,912
Auditors' remuneration	11,500	11,000
Profit on sale of fixed assets	(2,931)	(1,496)
Exceptional item – provision against amounts due from group undertaking (see note 21)	-	163,293
	<u>-</u>	<u>163,293</u>

6 Interest receivable

	2000 £	1999 £
Bank interest receivable	37,122	52,683

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

7 Taxation on profit on ordinary activities

	2000 £	1999 £
<i>Current year</i>		
UK corporation tax	57,500	70,000
Payments for group relief	16,600	-
	<u>74,100</u>	<u>70,000</u>
<i>Prior years</i>		
UK corporation tax	(931)	(403)
	<u>73,169</u>	<u>69,597</u>

8 Dividends

	2000 £	1999 £
Ordinary dividends		
Final proposed of 40p (1999 - 40p) per share	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

9 Intangible assets

	Patents £
<i>Cost and net book value</i>	
At 30 April 1999 and 30 April 2000	1,717
	<u>1,717</u>

***DIRECTA (UK) LIMITED**

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

10 Tangible assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 May 1999	453,772	335,711	562,913	1,352,396
Additions	3,960	15,893	162,238	182,091
Disposals	-	-	(134,696)	(134,696)
At 30 April 2000	457,732	351,604	590,455	1,399,791
<i>Depreciation</i>				
At 1 May 1999	-	290,257	265,385	555,642
Provided for the year	8,388	13,344	112,301	134,033
Disposals	-	-	(106,573)	(106,573)
At 30 April 2000	8,388	303,601	271,113	583,102
<i>Net book value</i>				
At 30 April 2000	449,344	48,003	319,342	816,689
At 30 April 1999	453,772	45,454	297,528	796,754

***DIRECTA (UK) LIMITED**

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

11 Fixed asset investments

	Subsidiary undertakings £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 May 1999	100,000	-	100,000
Addition in the year	-	17,500	17,500
At 30 April 2000	100,000	17,500	117,500
<i>Amounts provided</i>			
At 1 May 1999	25,000	-	25,000
Provided for the year	25,000	-	25,000
At 30 April 2000	50,000	-	50,000
<i>Net book value</i>			
At 30 April 2000	50,000	17,500	67,500
At 30 April 1999	75,000	-	75,000

The company owns 60% of the share capital of Surefire Entertainments Limited, a company registered in England and Wales. In the year to 30 April 2000 the company made a profit before tax of £11,143 (1999 - loss £85,303) and had aggregate capital and reserves of £69,287 - deficit (1999 - £80,303 - deficit).

The company owns 75% of the share capital of Last Serenade Productions Limited, a company registered in England and Wales. In the year to 30 April 2000 the company made a loss before tax of £59,680 (1999 - £168,366) and had aggregate capital and reserves of £211,346 - deficit (1999 - £168,266 - deficit).

The company owns 100% of the issued ordinary share capital of the following non-trading companies which are registered in England and Wales:

241 (Entertainments) Limited
Kontoor Abrasives Limited

During the year ended 30 April 1999, the company disposed of its investment in Akita Security Limited, giving rise to a loss on disposal of £199,500.

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

12 Stocks

	2000 £	1999 £
Finished goods	420,447	333,162

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	2000 £	1999 £
Due within one year:		
Trade debtors	966,466	991,803
Amounts due from subsidiaries	86,717	-
Prepayments and accrued income	36,071	40,757
Other debtors	-	69,000
Corporation tax	5,197	-
	1,094,451	1,101,560

14 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	668,282	578,545
Corporation tax	57,500	70,000
Taxation and social security	136,638	151,101
Proposed dividend	80,000	80,000
Accruals	457,736	474,258
	1,400,156	1,353,904

15 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
Ordinary shares of £1 each	1,000,000	1,000,000	200,000	200,000

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

16 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Operating profit	167,088	60,843
Amortisation of investments	25,000	25,000
Depreciation of tangible fixed assets	134,033	100,912
Profit on sale of fixed assets	(2,931)	(1,496)
(Increase)/decrease in stocks	(87,285)	2,294
Increase in debtors	(73,294)	(62,175)
Increase in creditors	58,752	40,621
Net cash inflow from operating activities	221,363	165,999

17 Reconciliation of net cashflow to movement in net funds

	2000 £	1999 £
Increase in cash in the year	4,682	7,969
Net funds at 1 May 1999	649,338	641,369
Net funds at 30 April 2000	654,020	649,338

The net funds are all cash at bank and in hand.

18 Analysis of changes in net funds

	At 1 May 1999 £	Cash flows £	At 30 April 2000 £
Cash at bank and in hand	649,338	4,682	654,020

19 Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £157,710 (1999 - £155,597).

There were no contributions unpaid at the balance sheet date (1999 - £Nil).

DIRECTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 April 2000 (*Continued*)

20 Contingent liabilities

The company has given undertakings to provide financial support to its two subsidiary companies, Surefire Entertainments Limited and Last Serenade Productions Limited, for a period of 12 months from the date of those companies' financial statements.

21 Related party transactions

During the year the company incurred costs of £106,228 (1999 - £164,505) on behalf of and provided working capital to Surefire Entertainments Limited, a company which it controls. These costs were recharged at no profit and the balance due from Surefire Entertainments Limited on these costs at 30 April 2000 was £61,622 (1999 - £Nil).

The company also incurred costs of £2,348 (1999 - £13,507) on behalf of Last Serenade Productions Limited, a company which it controls. These costs were recharged at no profit. The company was charged £Nil (1999 - £25,000) by Last Serenade Productions Limited in the year in respect of advertising fees. The company paid £16,600 (1999 - £Nil) to Last Serenade Productions Limited for tax losses utilised in the year. The balance due from Last Serenade Productions Limited at 30 April 2000 was £188,388 (1999 - £163,293). The company has provided £163,293 (1999 - £163,293) against this balance.