

Directa (UK) Limited

Report and Financial Statements

Year Ended

30 April 2001



BDO Stoy Hayward
Chartered Accountants

Directa (UK) Limited

Annual report and financial statements for the year ended 30 April 2001

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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 2001

The directors present their report together with the audited financial statements for the year ended 30 April 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors recommend the payment of a final dividend of 40.00p (2000 - 40.00p) per ordinary share.

Principal activities, review of business 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.

The period covered by these accounts produced an unexpected national economic downturn. Considering these external events, the company must applaud the efforts of all employees in minimising negative effects, and once again producing a satisfactory set of accounts.

For the second year running the subsidiary company Surefire Entertainments Limited achieved increased profits.

In this, the company's thirtieth year, the directors continue to look forward positively with cautious optimism.

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.

Charitable and political contributions

During the year the company made charitable contributions of £1,990 (2000 - £5,185). There were no political contributions.

Directors

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

	Ordinary £1 shares	
	2001	2000
L D Dennison	100,000	100,000
M D Coburn	60,000	60,000
T Neale	-	-
M V Storey	-	-

Directa (UK) Limited

Report of the directors for the year ended 30 April 2001 (*Continued*)

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 year. 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
- 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.

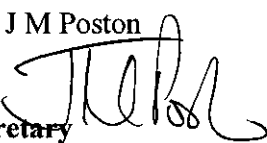
Auditors

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

Directa (UK) Limited

Report of the independent auditors

To the shareholders of Directa (UK) Limited

We have audited the financial statements of Directa (UK) Limited for the year ended 30 April 2001 on pages 5 to 16 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 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.

Directa (UK) Limited

Report of the independent auditors (*Continued*)

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 2001 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

29 January 2002

Directa (UK) Limited**Profit and loss account for the year ended 30 April 2001**

	Note	2001 £	2000 £
Turnover	2	5,327,642	5,407,754
Cost of sales		2,691,857	2,675,834
Gross profit		2,635,785	2,731,920
Distribution costs		1,119,137	1,130,736
Administrative expenses		1,345,252	1,459,403
		171,396	141,781
Other operating income		43,743	25,307
Operating profit	3	215,139	167,088
Other interest receivable and similar income	6	40,691	37,122
Profit on ordinary activities before taxation		255,830	204,210
Taxation on profit on ordinary activities	7	89,690	73,169
Profit on ordinary activities after taxation for the year		166,140	131,041
Dividends	8	80,000	80,000
Retained profit for the financial year		86,140	51,041
Retained profit brought forward		1,454,668	1,403,627
Retained profit carried forward		1,540,808	1,454,668

All amounts relate to continuing activities.

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

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

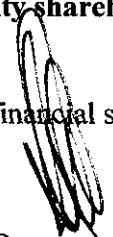
The notes on pages 8 to 16 form part of these financial statements.

Directa (UK) Limited

Balance sheet at 30 April 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Intangible assets	9		1,717		1,717
Tangible assets	10		737,932		816,689
Fixed asset investment	11		3,000		67,500
			742,649		885,906
Current assets					
Stocks	12	360,484		420,447	
Debtors	13	967,423		1,094,451	
Cash at bank and in hand		1,077,788		654,020	
		2,405,695		2,168,918	
Creditors: amounts falling due within one year	14	1,407,536		1,400,156	
Net current assets			998,159		768,762
Total assets less current liabilities			1,740,808		1,654,668
Capital and reserves					
Called up share capital	15		200,000		200,000
Profit and loss account			1,540,808		1,454,668
Equity shareholders' funds			1,740,808		1,654,668

The financial statements were approved by the Board on


L D Dennison
Director

The notes on pages 8 to 16 form part of these financial statements.

Directa (UK) Limited

Cash flow statement for the year ended 30 April 2001

	Note	2001 £	2001 £	2000 £	2000 £
Net cash inflow from operating activities	19		472,339		221,363
Returns on investments and servicing of finance					
Interest received		40,691		37,122	
			40,691		37,122
Taxation					
Corporation tax paid		(56,690)		(74,266)	
Corporation tax refund		5,197		-	
			(51,493)		(74,266)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(58,989)		(182,091)	
Payments to acquire fixed asset investments		-		(17,500)	
Receipts from sale of tangible fixed assets		4,220		31,054	
Receipts from sale of fixed asset investments		-		69,000	
Receipts from repayment of loans to group undertakings		97,000		-	
			42,231		(99,537)
Equity dividend paid			(80,000)		(80,000)
Increase in cash	20		423,768		4,682

The notes on pages 8 to 16 form part of these financial statements.

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:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to external 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 or valuation, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant & machinery	- 10 - 33 1/3% per annum
Motor vehicles	- 10 - 33 1/3 % 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 currency

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 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 to the extent that it is probable that a liability or asset will crystallise.

Directa (UK) Limited

Notes forming part of the financial statements for the year ended 30 April 2001 (Continued)

1 Accounting policies (continued)

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.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2001 £	2000 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	137,745	134,003
Audit services	11,500	11,500
Profit on sale of fixed assets	(4,219)	(2,931)
Provision for diminution in value of investments	17,500	25,000
Write back of provision against investment	(50,000)	-
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	1,358,548	1,240,444
Social security costs	133,398	120,086
Other pension costs	20,500	157,710
	<u> </u>	<u> </u>
	1,512,446	1,518,240
	<u> </u>	<u> </u>

Directa (UK) Limited

Notes forming part of the financial statements for the year ended 30 April 2001 (*Continued*)

4 Employees (*continued*)

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

	2001 Number	2000 Number
Manufacturing	5	3
Selling and distribution	35	36
Office and management	14	16
	<u>—</u>	<u>—</u>
	54	55
	<u>—</u>	<u>—</u>

5 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	396,369	333,152
Company contributions to money purchase pension schemes	6,037	115,764
	<u>—</u>	<u>—</u>

There were 4 directors in the company's defined contribution pension scheme during the year (2000 - 4).

The total amount payable to the highest paid director in respect of emoluments was £121,363 (2000 - £91,622). Company pension contributions of £NIL (2000 - £65,000) were made to a money purchase scheme on his behalf.

6 Other interest receivable and similar income

	2001 £	2000 £
Bank deposits	40,642	37,122
Other interest receivable	49	-
	<u>—</u>	<u>—</u>
	40,691	37,122
	<u>—</u>	<u>—</u>

Directa (UK) Limited**Notes forming part of the financial statements for the year ended 30 April 2001 (Continued)****7 Taxation on profit on ordinary activities**

	2001 £	2000 £
<i>Current tax</i>		
UK corporation tax on profits of the year	90,500	57,500
Adjustment in respect of previous periods	(810)	(931)
Group relief	-	16,600
Total current tax	89,690	73,169

8 Dividends

	2001 £	2000 £
<i>Equity shares</i>		
Ordinary shares		
Final proposed of 40p (2000 - 40p) per share	80,000	80,000

9 Intangible assets

	Patents £
<i>Cost</i>	
At 1 May 2000 and 30 April 2001	1,717

Directa (UK) Limited**Notes forming part of the financial statements for the year ended 30 April 2001 (Continued)****10 Tangible fixed assets**

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 May 2000	457,732	351,604	590,455	1,399,791
Additions	-	16,639	42,350	58,989
Disposals	-	-	(18,183)	(18,183)
At 30 April 2001	457,732	368,243	614,622	1,440,597
<i>Depreciation</i>				
At 1 May 2000	8,388	303,601	271,113	583,102
Provided for the year	9,156	18,865	109,724	137,745
Disposals	-	-	(18,182)	(18,182)
At 30 April 2001	17,544	322,466	362,655	702,665
<i>Net book value</i>				
At 30 April 2001	440,188	45,777	251,967	737,932
At 30 April 2000	449,344	48,003	319,342	816,689

11 Fixed asset investments**Group**

	Group undertakings £	Other investments (other than loans) £	Loans to group undertakings £	Total £
<i>Cost</i>				
At 1 May 2000	3,000	17,500	97,000	117,500
Repayments	-	-	(97,000)	(97,000)
At 30 April 2001	3,000	17,500	-	20,500
<i>Provisions</i>				
At 1 May 2000	-	-	50,000	50,000
Provided for the year	-	17,500	(50,000)	(32,500)
At 30 April 2001	-	17,500	-	17,500
<i>Net book value</i>				
At 30 April 2001	3,000	-	-	3,000
At 30 April 2000	3,000	17,500	47,000	67,500

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 2001 the company made a profit before tax of £125,818 (2000 - £11,143) and had aggregate capital and reserves of £35,531 (2000 - deficit £69,287).

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 2001 the company made a profit before tax of £53,294 (2000 - loss £59,680) and had an aggregate capital and reserves deficit of £162,652 (2000 - deficit £211,346).

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

241 (Entertainments) Limited
Dream Kids Limited

Directa (UK) Limited**Notes forming part of the financial statements for the year ended 30 April 2001 (Continued)****12 Stocks**

	2001	2000
	£	£
Finished goods and goods for resale	360,484	420,447
	=====	=====

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

13 Debtors

	2001	2000
	£	£
Trade debtors	926,264	966,466
Amounts owed by group undertakings	2,107	86,717
Other debtors	-	5,197
Prepayments and accrued income	39,052	36,071
	=====	=====
	967,423	1,094,451
	=====	=====

All amounts shown under debtors fall due for payment within one year.

14 Creditors: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	564,121	668,282
Taxation and social security	174,948	136,638
Proposed dividend	80,000	80,000
Corporation tax	90,500	57,500
Accruals and deferred income	497,967	457,736
	=====	=====
	1,407,536	1,400,156
	=====	=====

15 Share capital

	2001	Authorised 2000	Allotted, called up and fully paid 2001	2000
	£	£	£	£
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000,000	1,000,000	200,000	200,000

16 Contingent liabilities

The company has given undertakings to provide financial support to its subsidiary company, Last Serenade Productions Limited, for a period of 12 months from the date of that company's financial statements.

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £20,500 (2000 - £140,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18 Related party disclosures*Related party transactions and balances*

During the year the company incurred costs of £171,534 (2000 - £106,228) on behalf of Surefire Entertainments Limited, a company which it controls. These costs were charged at no profit and the balance due from Surefire Entertainments Limited on these costs at 30 April 2001 was £Nil (2000 - £61,622).

The company also incurred costs of £Nil (2000 - £2,348) on behalf of Last Serenade Productions Limited, a company which it controls. These costs were charged at no profit. The company was charged £25,000 (2000 - £Nil) by Last Serenade Productions Limited in the year in respect of advertising fees. The company paid £Nil (2000 - £16,600) to Last Serenade Productions Limited for tax losses utilised in the year. The balance due from Last Serenade Productions Limited at 30 April 2001 was £165,400 (2000 - £188,388). The company has provided £163,293 (2000 - £163,293) against this balance.

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

	2001 £	2000 £
Operating profit	215,139	167,088
Depreciation of tangible fixed assets	137,745	134,033
Profit on sale of tangible fixed assets	(4,219)	(2,931)
Provision against investments	17,500	25,000
Write back of provision against investments	(50,000)	-
Decrease/(increase) in stocks	59,963	(87,285)
Decrease/(increase) in debtors	121,831	(73,294)
(Decrease)/increase in creditors	(25,620)	58,752
Net cash inflow from operating activities	472,339	221,363

20 Reconciliation of net cash flow to movement in net funds

	2001 £	2000 £
Increase in cash	423,768	4,682
Movement in net funds	423,768	4,682
Opening net funds	654,020	649,338
Closing net funds	1,077,788	654,020

21 Analysis of net funds

	At 1 May 2000 £	Cash flow £	At 30 April 2001 £
Cash at bank and in hand	654,020	423,768	1,077,788