

Directa (UK) Limited

Report and Financial Statements

Year Ended

30 April 2002



BDO Stoy Hayward
Chartered Accountants



Directa (UK) Limited

Annual report and financial statements for the year ended 30 April 2002

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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 2002

The directors present their report together with the audited financial statements for the year ended 30 April 2002.

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 £0.40 (2001 - £0.40) 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.

During the last year, world events and exceptional economic situations beyond our control combined to create a stern challenge to our well-managed business.

Increased effort and endeavour from all our employees have allowed us once again to present an acceptable set of accounts.

It is hoped that a friendlier business climate will exist in the forthcoming year, in order that our plans for development can go ahead.

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 £200 (2001 - £1,990). 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	
	2002	2001
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 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.

By order of the board

J M Poston



Secretary

9 September 2002

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 2002 on pages 5 to 19 which have been prepared under the accounting policies set out on page 8 to 9.

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.

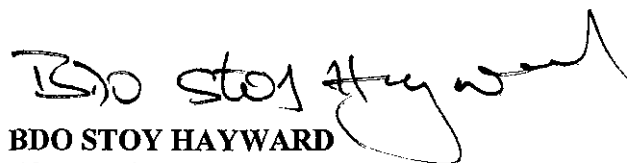
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2002 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

19 September 2002

Directa (UK) Limited**Profit and loss account for the year ended 30 April 2002**

	Note	2002 £	2001 As restated £
Turnover	2	5,364,741	5,327,642
Cost of sales		2,790,148	2,691,857
Gross profit		2,574,593	2,635,785
Distribution costs		1,233,813	1,119,137
Administrative expenses		1,222,310	1,345,252
		118,470	171,396
Other operating income		46,030	43,743
Operating profit	3	164,500	215,139
Other interest receivable and similar income	6	44,643	40,691
Profit on ordinary activities before taxation		209,143	255,830
Taxation on profit on ordinary activities	7	63,900	67,421
Profit on ordinary activities after taxation		145,243	188,409
Dividends	8	80,000	80,000
Retained profit		65,243	108,409

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.

The notes on pages 8 to 19 form part of these financial statements.

Directa (UK) Limited

Balance sheet at 30 April 2002

	Note	2002	2002	2001	2001
		£	£	As restated £	As restated £
Fixed assets					
Intangible assets	9		1,717		1,717
Tangible assets	10		690,242		737,932
Fixed asset investments	11		3,000		3,000
			<u>694,959</u>		<u>742,649</u>
Current assets					
Stocks	12	333,955		360,484	
Debtors	13	947,163		967,423	
Cash at bank and in hand		1,179,467		1,077,788	
		<u>2,460,585</u>		<u>2,405,695</u>	
Creditors: amounts falling due within one year	14	1,313,288		1,407,536	
Net current assets			<u>1,147,297</u>		<u>998,159</u>
Total assets less current liabilities			<u>1,842,256</u>		<u>1,740,808</u>
Provision for liabilities and charges	15		38,296		74,501
			<u>1,880,552</u>		<u>1,815,309</u>
Capital and reserves					
Called up share capital	16		200,000		200,000
Profit and loss account			1,680,552		1,615,309
Equity shareholders' funds			<u>1,880,552</u>		<u>1,815,309</u>

The financial statements were approved by the Board on 9 September 2002.

L D Dennison
Director

The notes on pages 8 to 19 form part of these financial statements.

Directa (UK) Limited

Cash flow statement for the year ended 30 April 2002

	Note	2002 £	2002 £	2001 £	2001 £
Net cash inflow from operating activities	20		304,165		472,339
Returns on investments and servicing of finance					
Interest received		44,643		40,691	
			44,643		40,691
Taxation					
Corporation tax paid		(90,619)		(56,690)	
Corporation tax refund		-		5,197	
			(90,619)		(51,493)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(106,010)		(58,989)	
Receipts from sale of tangible fixed assets		29,500		4,220	
Receipts from repayment of loans to group undertakings		-		97,000	
			(76,510)		42,231
Equity dividend paid			(80,000)		(80,000)
Increase in cash	21		101,679		423,768

The notes on pages 8 to 19 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.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension schemes are charged to the profit and loss account in the period 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

	2002 £	2001 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	126,672	137,745
Audit services	11,500	11,500
Profit on sale of fixed assets	(382)	(4,219)
Provision for diminution in value of investments	-	17,500
Write back of provision against investment	-	(50,000)

Directa (UK) Limited

Notes forming part of the financial statements for the year ended 30 April 2002 (Continued)

4 Employees

Staff costs (including directors) consist of:

	2002 £	2001 £
Wages and salaries	1,224,542	1,358,548
Social security costs	127,588	133,398
Other pension costs	20,946	20,500
	<u>1,373,076</u>	<u>1,512,446</u>

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

	2002 Number	2001 Number
Manufacturing	5	5
Selling and distribution	35	35
Office and management	16	14
	<u>56</u>	<u>54</u>

5 Directors' remuneration

	2002 £	2001 £
Directors' emoluments	396,487	396,369
Company contributions to money purchase pension schemes	6,782	6,037
	<u>403,269</u>	<u>402,406</u>

There were 2 directors in the company's defined contribution pension scheme during the year (2001 - 2).

The total amount payable to the highest paid director in respect of emoluments was £118,202 (2001 - £121,363). Company pension contributions of £nil (2001 - £nil) were made to a money purchase scheme on his behalf.

Directa (UK) Limited

Notes forming part of the financial statements for the year ended 30 April 2002 (*Continued*)

6 Other interest receivable and similar income

	2002 £	2001 £
Bank deposits	44,643	40,642
Other interest receivable	-	49
	<u>44,643</u>	<u>40,691</u>

7 Taxation on profit on ordinary activities

	2002 £	2002 £	2001 As restated £	2001 As restated £
<i>Current tax</i>				
UK corporation tax on profits of the year	25,000		90,500	
Adjustment in respect of previous periods	119		(810)	
Group relief	2,576		-	
	<u></u>		<u></u>	
Total current tax		27,695		89,690
<i>Deferred tax</i>				
Origination and reversal of timing differences		36,205		(22,269)
		<u>63,900</u>		<u>67,421</u>

7 Taxation on profit on ordinary activities (*continued*)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	209,143	255,830
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%)	62,743	76,749
Effect of:		
Expenses not deductible for tax purposes	6,912	5,817
Capital allowances for period in excess of depreciation	(33,947)	22,269
Marginal relief	(9,739)	(4,585)
Reversal of unprovided timing differences	-	(9,750)
Adjustment to tax charge in respect of previous periods	119	(810)
Sundry differences	1,607	-
Current tax charge for period	27,695	89,690

8 Dividends

	2002 £	2001 £
<i>Equity shares</i>		
Ordinary shares		
Final proposed of 40p (2001 - 40p) per share	80,000	80,000

9 Intangible assets

	Patents £
<i>Cost</i>	
At 1 May 2001 and 30 April 2002	1,717

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 May 2001	457,732	368,242	614,622	1,440,596
Additions	4,090	16,299	87,711	108,100
Disposals	-	-	(264,586)	(264,586)
At 30 April 2002	461,822	384,541	437,747	1,284,110
<i>Depreciation</i>				
At 1 May 2001	17,544	322,465	362,655	702,664
Provided for the year	9,156	19,710	97,806	126,672
Disposals	-	-	(235,468)	(235,468)
At 30 April 2002	26,700	342,175	224,993	593,868
<i>Net book value</i>				
At 30 April 2002	435,122	42,366	212,754	690,242
At 30 April 2001	440,188	45,777	251,967	737,932

11 Fixed asset investments

Group	Group undertakings £	Other investments (other than loans) £	Total £
<i>Cost</i>			
At 1 May 2001	3,000	17,500	20,500
Disposals	-	(17,500)	(17,500)
At 30 April 2002	3,000	-	3,000
<i>Provisions</i>			
At 1 May 2001	-	17,500	17,500
Disposals	-	(17,500)	(17,500)
At 30 April 2002	-	-	-
<i>Net book value</i>			
At 30 April 2001 and 30 April 2002	3,000	-	3,000

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 2001 the company made a loss before tax of £8,278 (2001 - profit £125,818) and had aggregate capital and reserves of £26,687 (2000 - £35,531).

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 2002 the company made a loss before tax of £6,153 (2001 - profit £53,294) and had an aggregate capital and reserves deficit of £166,142 (2001 - deficit £162,652).

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

12 Stocks

	2002 £	2001 £
Finished goods and goods for resale	333,955	360,484
	<u>333,955</u>	<u>360,484</u>

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

13 Debtors

	2002 £	2001 £
Trade debtors	893,725	926,264
Amounts owed by group undertakings	-	2,107
Prepayments and accrued income	53,438	39,052
	<u>947,163</u>	<u>967,423</u>

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

14 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	643,081	564,121
Amounts owed to group undertakings	542	-
Corporation tax	25,000	90,500
Other taxation and social security	153,955	174,948
Proposed dividend	80,000	80,000
Accruals and deferred income	410,710	497,967
	<u>1,313,288</u>	<u>1,407,536</u>

15 Provision for liabilities and charges

	Deferred taxation £
At 1 May 2001 as previously stated	-
Prior year adjustment	(74,501)
At 1 May 2001 as restated	(74,501)
Charged to profit and loss account	36,205
At 30 April 2002	(38,296)
<i>Deferred taxation</i>	

	2002 £	2001 as restated £
Capital allowances in arrears of depreciation	(29,671)	(65,876)
Other timing differences	(8,625)	(8,625)
	(38,296)	(74,501)

No deferred tax asset has been recognised by the company where it is considered unlikely that this will be recoverable in future years.

16 Share capital

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000,000	1,000,000	200,000	200,000

17 Reconciliation of movements in shareholders' funds

	2002 £	2001 As restated £
Profit for the year	145,243	188,409
Dividends	(80,000)	(80,000)
	<u>65,243</u>	<u>108,409</u>
Opening shareholders' funds as previously stated	1,740,808	1,654,668
Prior year adjustment - recognition of deferred tax asset in accordance with FRS19	74,501	52,232
	<u>1,815,309</u>	<u>1,706,900</u>
Closing shareholders' funds	<u>1,880,552</u>	<u>1,815,309</u>

In preparing these financial statements, the company has for the first time adopted Financial Reporting Standard 19 - Deferred Taxation. This has led to the recognition of a material deferred tax asset in the current and prior year.

18 Pensions

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £20,946 (2001 - £20,500). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19 Related party disclosures*Related party transactions and balances*

During the year the company incurred costs of £244,584 (2001 - £171,534) 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 2002 was £Nil (2001 - £Nil).

The company was charged £Nil (2001 - £25,000) by Last Serenade Productions Limited in the year in respect of advertising fees. The company paid £2,576 (2001 - £Nil) to Last Serenade Productions Limited for tax losses utilised in the year. The balance due from Last Serenade Productions Limited at 30 April 2002 was £162,824 (2001 - £165,400). The company has provided £163,293 (2001 - £163,293) against this balance.

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

	2002 £	2001 £
Operating profit	164,500	215,139
Depreciation of tangible fixed assets	126,672	137,745
Profit on sale of tangible fixed assets	(382)	(4,219)
Provision against investments	-	17,500
Write back of provision against investments	-	(50,000)
Decrease in stocks	26,529	59,963
Decrease in debtors	20,260	121,831
Decrease in creditors	(33,414)	(25,620)
Net cash inflow from operating activities	304,165	472,339

21 Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
Increase in cash	101,679	423,768
Movement in net funds	101,679	423,768
Opening net funds	1,077,788	654,020
Closing net funds	1,179,467	1,077,788

22 Analysis of net funds

	At 1 May 2001 £	Cash flow £	At 30 April 2002 £
Cash at bank and in hand	1,077,788	101,679	1,179,467