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Company Registration No. 1034263 (England and Wales)

ANTIQUE COLLECTORS' CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2003



ANTIQUE COLLECTORS' CLUB LIMITED

COMPANY INFORMATION

Directors	D. M. Steel D. M. Farrell (American) M. Eastment
Secretary	Mrs. V. Shorten
Company number	1034263
Registered office	Sandy Lane Old Martlesham Woodbridge Suffolk IP12 4SD
Auditors	Beatons Audit LLP Registered Auditors York House 2-4 York Road Felixstowe Suffolk IP11 7QG

ANTIQUE COLLECTORS' CLUB LIMITED

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ANTIQUE COLLECTORS' CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2003

The directors present their report and financial statements for the year ended 30 April 2003.

Principal activities and review of the business

The principal activity of the company in the year under review was that of a book publisher.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 May 2002:

D. M. Steel
D. M. Farrell (American)
M. Eastment

Directors' interests

The directors' interests in the shares of the ultimate parent company were as stated below:

	Ordinary shares of £ 1 each	
	30 April 2003	1 May 2002
D. M. Steel	1,500	1,500
D. M. Farrell (American)	-	-
M. Eastment	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Beatons Audit LLP Registered Auditors be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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.

By order of the board



Mrs. V. Shorten

Secretary

24 February 2004

ANTIQUE COLLECTORS' CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANTIQUE COLLECTORS' CLUB LIMITED

We have audited the financial statements of Antique Collectors' Club Limited on pages 3 to 18 for the year ended 30 April 2003. 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 auditor's 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 directors and auditors

As described in the statement of directors' responsibilities on page 1 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.

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

Beatons Audit LLP

Beatons Audit LLP
Registered Auditors

24 February 2004

York House
2-4 York Road
Felixstowe
Suffolk
IP11 7QG

ANTIQUE COLLECTORS' CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2003

		2003	2002
	Notes	£	as restated £
Turnover	2	3,116,506	3,147,680
Cost of sales		(2,080,568)	(2,069,679)
Gross profit		1,035,938	1,078,001
Distribution costs		(165,005)	(199,595)
Administrative expenses		(753,263)	(753,292)
Operating profit	3	117,670	125,114
Profits/losses on disposals of fixed assets		40,050	120,447
Profit on ordinary activities before interest		157,720	245,561
Other interest receivable and similar income		25	21
Interest payable and similar charges	4	(56,403)	(72,333)
Profit on ordinary activities before taxation		101,342	173,249
Tax on profit on ordinary activities	5	(16,757)	(28,184)
Profit on ordinary activities after taxation		84,585	145,065
Dividends	6	(46,000)	(12,000)
Retained profit for the year	16	38,585	133,065

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

ANTIQUE COLLECTORS' CLUB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 2003

	2003 £	2002 £
Profit for the financial year	84,585	145,065
Prior year adjustment (Note 16)	(28,836)	-
Total gains and losses recognised since last financial statements	<u>55,749</u>	<u>145,065</u>

ANTIQUE COLLECTORS' CLUB LIMITED

BALANCE SHEET AS AT 30 APRIL 2003

		2003		2002 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		459,000		501,814
Investments	8		17,428		17,428
			<u>476,428</u>		<u>519,242</u>
Current assets					
Stocks	9	1,261,877		1,141,207	
Debtors	10	1,255,638		1,182,917	
Cash at bank and in hand		51,222		304,555	
		<u>2,568,737</u>		<u>2,628,679</u>	
Creditors: amounts falling due within one year	11	(1,772,555)		(2,032,193)	
Net current assets			<u>796,182</u>		<u>596,486</u>
Total assets less current liabilities			1,272,610		1,115,728
Creditors: amounts falling due after more than one year	12		(309,900)		(191,061)
Provisions for liabilities and charges	13		(14,630)		(15,171)
			<u>948,080</u>		<u>909,496</u>
Capital and reserves					
Called up share capital	15		300		300
Profit and loss account	16		947,780		909,196
Shareholders' funds - equity interests	17		<u>948,080</u>		<u>909,496</u>

The financial statements were approved by the Board on 24 February 2004


D. M. Steel
Director

ANTIQUE COLLECTORS' CLUB LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		95,450		326,360
Returns on investments and servicing of finance				
Interest received	25		21	
Interest paid	(56,403)		(72,333)	
Net cash outflow for returns on investments and servicing of finance		(56,378)		(72,312)
Taxation		(27,889)		(18,399)
Capital expenditure				
Payments to acquire tangible assets	(34,749)		(24,491)	
Receipts from sales of tangible assets	40,050		259,500	
Net cash inflow for capital expenditure		5,301		235,009
Equity dividends paid		(46,000)		(12,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(29,516)		458,658
Financing				
Other new long term loans	-		80,000	
Repayment of long term bank loan	(27,149)		(212,203)	
Repayment of other long term loans	-		(160,000)	
Capital element of hire purchase contracts	(44,104)		(44,547)	
Net cash outflow from financing		(71,253)		(336,750)
(Decrease)/increase in cash in the year		(100,769)		121,908

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	117,670	125,114
	Depreciation of tangible assets	77,559	77,291
	(Increase)/decrease in stocks	(120,670)	4,645
	(Increase)/decrease in debtors	(72,721)	289,561
	Increase/(decrease) in creditors within one year	93,612	(170,251)
	Net cash inflow from operating activities	95,450	326,360

2	Analysis of net debt	1 May 2002	Cash flow	Other non-cash changes	30 April 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	304,555	(253,333)	-	51,222
	Bank overdrafts	(739,152)	152,564	-	(586,588)
		<u>(434,597)</u>	<u>(100,769)</u>	<u>-</u>	<u>(535,366)</u>
	Debt:				
	Finance leases	(71,486)	44,106	-	(27,380)
	Debts falling due within one year	(191,714)	170,000	-	(21,714)
	Debts falling due after one year	(163,682)	(142,850)	-	(306,532)
		<u>(426,882)</u>	<u>71,256</u>	<u>-</u>	<u>(355,626)</u>
	Net debt	<u>(861,479)</u>	<u>(29,513)</u>	<u>-</u>	<u>(890,992)</u>

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(100,769)	121,908
	Cash outflow from decrease in debt and lease financing	71,256	319,249
	Movement in net debt in the year	(29,513)	441,157
	Opening net debt	(861,479)	(1,302,636)
	Closing net debt	<u>(890,992)</u>	<u>(861,479)</u>

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Freehold land and buildings	Nil
Leasehold improvements	Over the period of the lease
Plant and machinery	20% on cost
Fixtures, fittings and equipment	20% on cost
Motor vehicles	20% reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	2,466,876	2,239,970
North America	456,532	528,737
Rest of the World	193,098	378,973
	<u>3,116,506</u>	<u>3,147,680</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	77,559	77,291
Loss on foreign exchange transactions	5,948	-
Operating lease rentals	17,333	20,094
Auditors' remuneration	8,350	7,800
and after crediting:		
Profit on foreign exchange transactions	-	(5,050)
	<u>-</u>	<u>(5,050)</u>

4 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	35,397	43,691
On other loans	13,216	21,627
Hire purchase interest	6,989	7,006
On overdue tax	801	9
	<u>56,403</u>	<u>72,333</u>

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

5	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	18,244	28,835
	Adjustment for prior years	(946)	894
	Current tax charge	17,298	29,729
	Deferred tax		
	Deferred tax charge/credit current year	(541)	(1,545)
		16,757	28,184
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	101,342	173,249
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 19.92 %)	19,255	34,511
	Effects of:		
	Non deductible expenses	650	750
	Depreciation add back	14,736	15,460
	Capital allowances	(8,787)	(14,646)
	Adjustments to previous periods	(946)	894
	Chargeable disposals	(7,610)	(7,240)
		(1,957)	(4,782)
	Current tax charge	17,298	29,729
6	Dividends	2003 £	2002 £
	Ordinary interim paid	46,000	12,000

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

7 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2002	253,814	16,140	382,306	571,600	16,569	1,240,429
Additions	-	-	-	34,745	-	34,745
Disposals	-	-	(150,000)	-	-	(150,000)
At 30 April 2003	253,814	16,140	232,306	606,345	16,569	1,125,174
Depreciation						
At 1 May 2002	-	13,450	359,023	359,059	7,083	738,615
On disposals	-	-	(150,000)	-	-	(150,000)
Charge for the year	-	2,690	11,284	60,649	2,936	77,559
At 30 April 2003	-	16,140	220,307	419,708	10,019	666,174
Net book value						
At 30 April 2003	253,814	-	11,999	186,637	6,550	459,000
At 30 April 2002	253,815	2,689	23,283	212,542	9,485	501,814

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 30 April 2003	15,258	48,851	7,131	71,240
At 30 April 2002	20,827	65,417	9,768	96,012
Depreciation charge for the year				
30 April 2003	5,370	17,458	3,382	26,210
30 April 2002	5,370	16,583	2,770	24,723

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 2002 & at 30 April 2003	17,428

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Antique Collectors Club Inc	USA	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Antique Collectors Club Inc	21,978	2,951

9 Stocks and work in progress

	2003 £	2002 £
Raw materials and consumables	10,764	21,217
Work in progress	203,402	214,278
Finished goods and goods for resale	1,047,711	905,712
	<u>1,261,877</u>	<u>1,141,207</u>

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

10 Debtors	2003 £	2002 £
Trade debtors	660,140	622,245
Amounts owed by parent and fellow subsidiary undertakings	432,402	330,427
Other debtors	95,100	70,365
Prepayments and accrued income	67,996	159,880
	<u>1,255,638</u>	<u>1,182,917</u>

Included in amounts due from group undertakings is £297,500 from the parent undertaking Epicdawn Limited. Epicdawn Limited is a non trading holding company, and its only asset is the investment in shares of Antique Collectors Club Limited.

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	598,302	750,866
Net obligations under hire purchase contracts	24,012	44,107
Trade creditors	917,955	752,038
Corporation tax	18,244	28,835
Other taxes and social security costs	15,260	20,797
Directors' current accounts	-	19,664
Other creditors	52,251	202,029
Accruals and deferred income	146,531	213,857
	<u>1,772,555</u>	<u>2,032,193</u>

The bank loans and overdrafts are secured by a charge over the company's freehold property, a debenture and cross guarantee with Epicdawn Limited.

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	136,532	163,682
Other loans	170,000	-
Net obligations under hire purchase contracts	3,368	27,379
	<u>309,900</u>	<u>191,061</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	89,678	116,828
Wholly repayable within five years	238,568	238,568
	<u>328,246</u>	<u>355,396</u>
Included in current liabilities	(21,714)	(191,714)
	<u>306,532</u>	<u>163,682</u>
Instalments not due within five years	<u>89,678</u>	<u>116,828</u>
Loan maturity analysis		
In more than one year but not more than two years	11,713	11,714
In more than two years but not more than five years	35,140	35,140
In more than five years	<u>89,678</u>	<u>116,828</u>

The commercial mortgage loan amounting to £148,246 (2002-£175,395) will be repaid in May 2017, and interest is charged at 2% above the bank rates. HP balances are secured on the assets financed.

Net obligations under hire purchase contracts

Repayable within one year	29,295	51,095
Repayable between one and five years	2,250	31,543
	<u>31,545</u>	<u>82,638</u>
Finance charges and interest allocated to future accounting periods	(4,165)	(11,152)
	<u>27,380</u>	<u>71,486</u>
Included in liabilities falling due within one year	(24,012)	(44,107)
	<u>3,368</u>	<u>27,379</u>

The bank loan is secured by a charge over the company's freehold property, a cross guarantee and debenture with Epicdawn Limited.

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 May 2002	15,171
Profit and loss account	(541)
Balance at 30 April 2003	14,630

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	14,630	15,171

14 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	13,358	12,965

15 Share capital

	2003 £	2002 £
Authorised		
300 Ordinary shares of £ 1 each	300	300
Allotted, called up and fully paid		
300 Ordinary shares of £ 1 each	300	300

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2002 as previously reported	938,031
Prior year adjustment	(28,836)
Balance at 1 May 2002 as restated	909,195
Retained profit for the year	38,585
Balance at 30 April 2003	<u>947,780</u>

Prior Year Adjustment

The Corporation Tax Charge in the year ended 30 April 2002 was understated by £28,836.

17 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	84,585	145,065
Dividends	(46,000)	(12,000)
Net addition to shareholders' funds	38,585	133,065
Opening shareholders' funds	909,496	776,431
Closing shareholders' funds	<u>948,080</u>	<u>909,496</u>

18 Financial commitments

At 30 April 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date:		
In over five years	<u>34,000</u>	<u>-</u>

The land and buildings leases may be terminated with six months written notice. The rent is subject to an annual review and shall be increased by the percentage increase of the retail price index.

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

19 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	53,903	60,508

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002 - 1).

20 Transactions with directors

The company pay £9,000 pa to Mrs. D. M. Steel for use of house as entertaining and accommodation.

21 Employees

Number of employees

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

	2003 Number	2002 Number
Production and sales staff	35	38
Management and administration	17	17
	52	55

Employment costs

	£	£
Wages and salaries	770,733	796,184
Social security costs	61,358	59,709
Other pension costs	13,358	12,965
	863,012	868,858

22 Control

The ultimate parent company is Epicdawn Limited, a company registered in Great Britain.

ANTIQUE COLLECTORS' CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

23 Related party transactions

The company is ultimately controlled by Mrs. D. M. Steel, who is a director and the majority shareholder of the parent company Epicdawn Limited.

Related party transactions concerning Mrs. D. M. Steel are included in note 20 of the financial statements.

The company conducted trade on normal commercial terms with Antique Collectors Club Inc. , a group undertaking. The amounts involved were:

Sales	- £418,693
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Balance due from ACC Inc.	- £134,902
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The company was owed £297,500 from the parent company Epicdawn Limited.

The company was charged rent of £17,333 for the year from Antique Collectors Club Limited Retirement Benefit Scheme. The company owed £17,333 in respect of this rent at 30.4.03.

The company raised invoices to Antique Collectors Club Limited Retirement Benefit Scheme in respect of repairs made to the property rented of £67,492 including VAT. The company was owed £21,996 in respect of these invoices at 30.4.03.

The company owes £170,000 to Antique Collectors Club Limited Retirement Benefit Scheme at 30.4.03 in respect of loans received, and was charged £11,827 in respect of interest on these loans. A balance of £4,185 is included in other debtors regarding interest overpayment from Retirement Benefit Scheme.