

**REGISTRAR OF
COMPANIES**

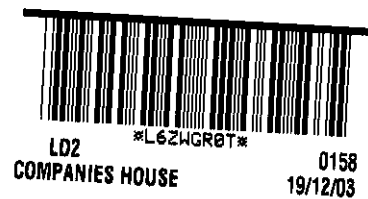
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The Original Poster Company Limited

Report and Financial Statements

Year Ended

30 June 2003



BDO Stoy Hayward
Chartered Accountants

THE ORIGINAL POSTER COMPANY LIMITED

Annual report and financial statements for the year ended 30 June 2003

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Directors

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Directors

S E Warren-Gash (Managing Director and Chairman)
D S Mills (Vice-Chairman)
P Jacobs
K A F Macgregor
J J Webster
S J M Mills
S J Felmingham

Secretary and registered office

P Jacobs, Elephant House, 28 Lyon Road, Walton on Thames, KT12 3PU.

Company number

02580821

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

THE ORIGINAL POSTER COMPANY LIMITED

Report of the directors for the year ended 30 June 2003

The directors present their report together with the audited financial statements for the year ended 30 June 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year. Interim dividends of £132,000 (2002 - £712,800) were paid in the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The company trades as a publisher and distributor of greetings cards and ancillary products. The company mainly operates a franchise network for the distribution of its products, with direct supplies to certain overseas countries.

The directors consider the result for the year to be satisfactory and look forward to a profitable next year.

Charitable contributions

The company made no charitable donations during the year (2002 - £50).

Directors

The directors of the company during the year were:

S E Warren-Gash (Managing Director and Chairman)
D S Mills (Vice-Chairman)
P Jacobs
K A F Macgregor
J J Webster
S J M Mills
S J Felmingham

Directors' interests

The interests, as defined by the Companies Act 1985, of the directors in the share capital at the beginning and end of the year were:

Name	Class of capital	Holding at	
		2003	2002
S E Warren-Gash	10p ordinary shares	22,375	22,375
D S Mills	10p ordinary shares	22,750	22,750
P Jacobs	10p ordinary shares	1,500	1,500
K A F Macgregor	10p ordinary shares	-	-
J J Webster	10p ordinary shares	2,000	2,000
S J M Mills (jointly with wife)	10p ordinary shares	1,500	1,500
S J Felmingham	10p ordinary shares	-	-

THE ORIGINAL POSTER COMPANY LIMITED

Report of the directors for the year ended 30 June 2003 (*Continued*)

Directors' interests (*Continued*)

In addition, at the year end, 4,750 (2002 – 4,750) shares were held by family trusts in which D S Mills is a trustee and a further 17,250 (2002 – 17,250) shares were held by his spouse or dependants. 22,375 (2002 – 22,375) shares were held by Mrs C Warren-Gash. 37,500 (2002 – 37,500) shares were held in trust for K Macgregor. These all being ordinary shares at 10p each.

On 27 March 1997 S E Warren-Gash was granted options to acquire ordinary shares in the company, based upon a formula approach, for 10p per share exercisable within 7 years.

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:

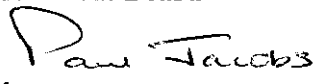
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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


P Jacobs

Secretary

Date 11/12/03

THE ORIGINAL POSTER COMPANY LIMITED

Report of the independent auditors

To the shareholders of The Original Poster Company Limited

We have audited the financial statements of The Original Poster Company Limited for the year ended 30 June 2003 on pages 5 to 20 which have been prepared under the accounting policies set out on pages 9 and 10.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

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

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a stylized flourish at the end.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

11 December 2003

THE ORIGINAL POSTER COMPANY LIMITED

Profit and loss account for the year ended 30 June 2003

	Note	2003 £	2002 £
Turnover	2	3,576,292	3,378,363
Cost of sales		(1,618,125)	(1,577,552)
Gross profit		1,958,167	1,800,811
Net operating expenses	3	(1,687,724)	(1,598,756)
Other income		-	1,066
Operating profit	6	270,443	203,121
Profit on sale of freehold building		-	1,050,259
Interest receivable		4,330	10,174
Interest payable and similar charges	7	(56,740)	(33,683)
Profit on ordinary activities before taxation		218,033	1,229,871
Taxation on ordinary activities	8	(45,174)	(216,053)
Profit on ordinary activities after taxation		172,859	1,013,818
Dividends paid - equity	9	(132,000)	(712,800)
Retained profit for the year	16	40,859	301,018

All amounts relate to continuing activities.

The notes on pages 9 to 20 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 June 2003

	Note	2003 £	2002 £
Statement of total recognised gains and losses			
Profit for the year		40,859	301,018
Taxation on prior year revaluation surpluses	8	-	(103,199)
Total recognised gains and losses for the year		<u>40,859</u>	<u>197,819</u>
Note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		218,033	1,229,871
Realisation of property revaluation gains of previous years		-	343,997
Difference between actual and historical cost depreciation		-	4,586
Historical cost profit on ordinary activities before taxation		<u>218,033</u>	<u>1,578,454</u>
Historical cost profit for the year after taxation and dividends		<u>40,859</u>	<u>649,601</u>

The notes on pages 9 to 20 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Balance sheet at 30 June 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	10		1,027,146		851,583
Investments	11		600		600
			<u>1,027,746</u>		<u>852,183</u>
Current assets					
Stocks	12	681,720		521,971	
Debtors - due within one year	13	651,332		903,290	
Cash at bank and in hand		<u>52,695</u>		<u>225,008</u>	
		1,385,747		1,650,269	
Creditors: amounts falling due within one year	14	<u>610,410</u>		<u>833,787</u>	
Net current assets			775,337		816,482
Total assets less current liabilities			1,803,083		1,668,665
Creditors: amounts falling due after more than one year	14		663,730		570,171
			<u>1,139,353</u>		<u>1,098,494</u>
Capital and reserves					
Called up share capital	15		13,200		13,200
Share premium account	16		185,670		185,670
Profit and loss account	16		938,683		897,824
Capital redemption	16		1,800		1,800
Shareholders' funds - equity			<u>1,139,353</u>		<u>1,098,494</u>

The financial statements were approved by the Board on 11 DECEMBER 2003

S E Warren-Gash
Director

The notes on pages 9 to 20 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Cash flow statement for the year ended 30 June 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash inflow/(outflow) from operating activities	19		401,899		(123,576)
Returns on investments and servicing of finance					
Interest received		4,330		10,174	
Interest paid		(52,704)		(30,882)	
Interest element of finance lease rental payments		(4,036)		(2,801)	
Net cash outflow from returns on investments and servicing of finance			(52,410)		(23,509)
Taxation					
UK corporation tax (paid)/refunded			(278,585)		18,973
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(238,825)		(773,345)	
Sale of tangible fixed assets		7,499		1,581,314	
			(231,326)		807,969
Equity dividends paid			(132,000)		(712,800)
Cash outflow before use of liquid resources and financing			(292,422)		(32,943)
Financing					
Bank loans and mortgages		(10,911)		(375,047)	
Capital element of finance lease rental payments		(23,994)		(19,222)	
Bank loans and mortgages		120,000		560,000	
			85,095		165,731
(Decrease)/increase in cash	20,21		(207,327)		132,788

The notes on pages 9 to 20 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003

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:

Consolidation

The company has taken advantage of the exemption afforded by section 248 of the Companies Act 1985 and has not prepared group financial statements. The financial statements therefore present information about the company only.

Turnover

Turnover represents the value of sales of goods and services in the year net of value added tax.

Tangible fixed assets and depreciation

Depreciation is charged on fixed assets at rates calculated to write off the cost, less residual values over the expected useful life of each asset. It is calculated at the following rates:

Freehold buildings	-	2% per annum
Motor vehicles	-	25% per annum reducing balance basis
Office equipment	-	25% per annum reducing balance basis
Leasehold	-	over term of lease

Investments

Investments held as fixed assets are stated at cost.

Stock

Stock is stated at the lower of cost and net realisable value.

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.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Assets held under finance leases are capitalised at their fair value calculated by using the interest rate implicit in the lease. Finance charges are allocated to accounting periods over the lease term. Operating lease payments are charged in the year in which they fall.

Translation of foreign currencies

Foreign currency assets and liabilities are translated into sterling at exchange rates in effect at the balance sheet date. Transactions in foreign currencies are translated at the exchange rates in effect on the date of transaction. Exchange gains and losses are taken to the profit and loss account.

Pension costs

The company operates a personal pension plan for eligible employees through Friends Provident Versatile Group.

Contributions to the plan are charged to the profit and loss account in the year in which they become payable.

2 Turnover

In the opinion of the directors, there is only one class of turnover and it is their belief that it would be prejudicial to the business to disclose the geographical location.

3 Net operating expenses

	2003 £	2002 £
Distribution costs	277,348	253,070
Administration expenses	1,410,376	1,345,686
	<u>1,687,724</u>	<u>1,598,756</u>

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

4 Employees

	2003 £	2002 £
Staff costs consist of:		
Wages and salaries	900,862	827,248
Social security costs	97,141	88,561
Pensions	23,217	22,228
	<u>1,021,220</u>	<u>938,037</u>

The average number of employees, including directors, during the year was 25 (2002 - 23).

5 Directors

	2003 £	2002 £
Directors' emoluments consist of:		
Remuneration	480,812	465,293
Payments to defined contribution pension	21,467	20,760
Benefits in kind	5,453	5,733
	<u>507,732</u>	<u>491,786</u>
Emoluments of highest paid director:		
Remuneration	116,350	107,500
Payments to defined contribution pension	11,288	10,915
Benefits in kind	1,632	1,721
	<u>129,270</u>	<u>120,136</u>

There were 3 (2002 - 3) directors in the defined contribution pension scheme during the year.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

6 Operating profit

	2003 £	2002 £
This has been arrived at after charging:		
Depreciation	68,767	53,465
Loss on disposal of fixed assets	4,336	6,274
Directors' emoluments (note 5)	507,732	491,786
Auditors' remuneration - audit services	13,000	11,800
- non audit services	1,850	2,000

7 Interest payable and similar charges

	2003 £	2002 £
Bank loans and overdraft	52,704	30,882
Finance leases and hire purchase interest	4,036	2,801
	56,740	33,683

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (*Continued*)

8 Taxation on profit from ordinary activities

	2003 £	2002 £
UK corporation tax	47,204	280,615
Adjustments in respect of prior years	(2,030)	38,637
Total current tax	45,174	319,252
Less: Charged to the statement of total recognised gains and losses	-	(103,199)
Current profit and loss tax charge	45,174	216,053
<i>Tax reconciliation:</i>		
Profit on ordinary activities	218,033	1,229,871
Tax on profit on ordinary activities at UK corporation tax rate 19% (2002 - 30%)	41,426	368,961
Effects of:		
Expenses not deductible for tax purposes	6,432	3,933
Capital allowances in excess of depreciation	(654)	(10,493)
Tax losses	-	(55,353)
Utilisation of reliefs on property disposals	-	(113,976)
Revaluation	-	103,199
Reliefs	-	(15,656)
Adjustments in respect of prior years	(2,030)	38,637
Current tax charge	45,174	319,252

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (*Continued*)

9 Dividends

	2003 £	2002 £
Ordinary shares – paid £ 1.00 (2002 - £5.40) per share	132,000	712,800

10 Tangible assets

	Motor vehicles £	Office equipment £	Short leasehold £	Freehold property £	Total £
<i>Cost</i>					
At 1 July 2002	71,725	207,271	12,915	676,523	968,434
Additions	5,337	65,908	-	184,920	256,165
Disposals	(22,050)	(9,261)	-	-	(31,311)
At 30 June 2003	55,012	263,918	12,915	861,443	1,193,288
<i>Depreciation</i>					
At 1 July 2002	19,405	93,735	2,583	1,128	116,851
Charge for the year	11,937	38,592	2,583	15,655	68,767
Disposals	(12,743)	(6,733)	-	-	(19,476)
At 30 June 2003	18,599	125,594	5,166	16,783	166,142
<i>Net book value</i>					
At 30 June 2003	36,413	138,324	7,749	844,660	1,027,146
At 30 June 2002	52,320	113,536	10,332	675,395	851,583

The net book value of motor vehicles includes an amount of £36,413 (2002 - £42,771) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £11,695 (2002 - £6,904). The net book value of office equipment includes an amount of £19,471 (2002 - £15,668) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £5,967 (2002 - £681). The freehold property is included in the financial statements at cost.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (*Continued*)

11 Investments

	Trade £	Subsidiaries £	Total £
<i>Cost</i>			
At 30 June 2002 and at 30 June 2003	596	4	600

Investments in subsidiary undertakings comprise 100% of the issued share capital in The Elephant Group Limited and The Original Pen Company Limited, both of which are dormant companies registered in England. At 30 June 2003 each of these companies held aggregate capital and reserves of £2.

12 Stocks

	2003 £	2002 £
Finished goods and goods held for resale	681,720	521,971

13 Debtors

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	533,582	623,273
Other debtors	24,990	171,969
Prepayments and accrued income	92,760	108,048
	651,332	903,290

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

14 Creditors

	2003 £	2002 £
Amounts falling due within one year:		
Mortgage and loan (secured)	23,472	19,310
Bank overdraft (secured)	110,798	75,784
Trade creditors	368,574	365,247
Other creditors	6,629	56,623
Accruals and deferred income	29,331	16,520
Obligations under finance leases	24,408	19,694
Corporation tax	47,198	280,609
	<u>610,410</u>	<u>833,787</u>

Amounts falling due after more than one year:

Obligations under finance leases	18,113	29,481
Mortgage and Loan (secured)	645,617	540,690
	<u>663,730</u>	<u>570,171</u>

The mortgage and loan are secured by a first charge over the freehold property. The overdraft is secured by a second charge on the property and fixed and floating charges over the company's present and future assets and is repayable on demand.

The loan has a 14 year repayment term at an interest rate of 1.9% over the lending bank's base rate which is currently 3.75%.

The mortgage has a 14 year repayment term and a fixed interest rate of 7% until April 2005 thereafter at a variable rate to be negotiated. Obligations fall due as follows:

	2003 £	2002 £
Within one year	74,253	58,228
Between one and two years	74,253	75,229
Between two and five years	222,758	209,468
Over five years	666,195	534,708
	<u>1,037,459</u>	<u>877,633</u>
Less: Future finance charges	(368,370)	(317,633)
	<u>669,089</u>	<u>560,000</u>

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

14 Creditors (Continued)

	2003 £	2002 £
Which are disclosed as:		
Within one year	23,472	19,310
Between one and two years	27,229	38,620
Between two and five years	104,227	115,862
Over five years	514,161	386,208
	645,617	540,690
Obligations under finance leases fall due as follows:		
Within one year	26,674	22,789
Between one and two years	18,795	31,524
	45,469	54,313
Less: future finance charges	(2,948)	(5,138)
	42,521	49,175
Which are disclosed as:		
Within one year	24,408	19,694
Between one and two years	18,113	29,481
	42,521	49,175

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

	2003 Number	Authorised 2002 Number	2003 £	2002 £
Ordinary shares of 10p each	200,000	200,000	20,000	20,000

	Allotted, called up and fully paid			
	2003 Number	2002 Number	2003 £	2002 £
Ordinary shares of 10p each	132,000	132,000	13,200	13,200

	Share premium £	Capital redemption £	Profit and loss account £
At 1 July 2002	185,670	1,800	897,824
Profit for the year	-	-	40,859
At 30 June 2003	185,670	1,800	938,683

	2003 £	2002 £
Profit for the year	172,859	1,013,818
Dividends	(132,000)	(712,800)
	40,859	301,018
Opening shareholders' funds	1,098,494	797,476
Closing shareholders' funds	1,139,353	1,098,494

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2003 Land and buildings £	2002 Land and buildings £
Operating leases which expire:		
After five years	90,000	90,000

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

	2003 £	2002 £
Operating profit	270,443	203,121
Depreciation	68,767	53,465
Loss on sale of fixed assets	4,336	6,274
Increase in stocks	(159,749)	(89,881)
Decrease/(increase) in debtors	251,958	(407,703)
(Decrease)/increase in creditors	(33,856)	111,148
Net cash inflow/(outflow) from operating activities	401,899	(123,576)

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2003 (Continued)

20 Reconciliation of net cash inflow to movement in net debt

	2003 £	2003 £	2002 £	2002 £
(Decrease)/increase in cash in the year	(207,327)		132,788	
Cash outflow from increase in debt and lease financing	(85,095)		(165,731)	
Change in net debt resulting from cash flows		(292,422)		(32,943)
Finance leases		(17,340)		(52,611)
Movement in net debt in the year		(309,762)		(85,554)
Opening net debt		(459,951)		(374,397)
Closing net debt		(769,713)		(459,951)

21 Analysis of net debt

	At 1 July 2002 £	Cash flow £	Other non-cash changes £	At 30 June 2003 £
Cash in hand and at bank	225,008	(172,313)	-	52,695
Overdrafts	(75,784)	(35,014)	-	(110,798)
Debt due after one year	149,224	(207,327)	-	(58,103)
Debt due within one year	(540,690)	(104,927)	-	(645,617)
Obligations under finance leases	(19,310)	(4,162)	-	(23,472)
	(49,175)	23,994	(17,340)	(42,521)
Total	(459,951)	(292,422)	(17,340)	(769,713)