REGISTRAR OF COMPANIES

The Original Poster Company Limited

Report and Financial Statements

Year Ended

30 June 2005



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BDO Stoy Hayward
Chartered Accountants

The Original Poster Company Limited

Annual report and financial statements for the year ended 30 June 2005

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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	
M J Parks	

Secretary and registered office

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

Company number

02580821

Auditors

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

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The Original Poster Company Limited

Report of the directors for the year ended 30 June 2005

The directors present their report together with the audited financial statements for the year ended 30 June 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year. Interim dividends of £40,950 (2004 - £170,625) 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 forthcoming year.

Charitable donations

The company made charitable donations of £1,000 (2004 - £Nil) during the year.

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
M J Parks (appointed 7 October 2004)

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:

	Ordinary shares of 10p each	
Name	**2005**	**2004**
S E Warren-Gash	22,375	22,375
D S Mills	22,750	22,750
P Jacobs	1,500	1,500
K A F Macgregor	-	-
J J Webster	2,000	2,000
S J M Mills (jointly with wife)	2,500	2,500
S J Felmingham	1,500	750
M J Parks	1,000	-

Directors' interests *(Continued)*

In addition, at the year end ordinary shares at 10p each were held as follows:
4,750 (2004 - 4,750) shares were held by family trusts in which D S Mills is a trustee and
17,250 (2004 - 17,250) shares were held by his spouse or dependants.
22,375 (2004 - 22,375) shares were held by Mrs C Warren-Gash
37,500 (2004 - 37,500) shares were held in trust for K Macgregor
1,000 (2004 - 1,000) shares were held by Mrs G Webster

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 LLP 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

P Jacobs
Secretary

Date 23rd February 2006

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 2005 on pages 5 to 19 which have been prepared under the accounting policies set out on pages 8 and 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.

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.

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

23 February 2006

The Original Poster Company Limited

Profit and loss account for the year ended 30 June 2005

	Note	2005 £	2004 £
Turnover	2	**3,973,906**	3,907,750
Cost of sales		**(1,878,221)**	(1,748,534)
Gross profit		**2,095,685**	2,159,216
Net operating expenses	3	**(1,908,140)**	(1,845,751)
Operating profit	6	**187,545**	313,465
Interest receivable		**1,873**	1,593
Interest payable and similar charges	7	**(71,115)**	(53,771)
Profit on ordinary activities before taxation		**118,303**	261,287
Taxation on profit on ordinary activities	8	**(27,955)**	(56,274)
Profit on ordinary activities after taxation		**90,348**	205,013
Dividends paid - equity	9	**(40,950)**	(170,625)
Retained profit for the year	16	**49,398**	34,388

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.

The Original Poster Company Limited

Balance sheet at 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	10		**966,523**		1,007,877
Investments	11		**600**		600
			967,123		1,008,477
Current assets					
Stocks	12	**838,601**		782,477	
Debtors	13	**799,902**		905,200	
Cash at bank and in hand		**56,936**		85,358	
		1,695,439		1,773,035	
Creditors: amounts falling due within one year	14	**814,909**		936,715	
Net current assets			**880,530**		836,320
Total assets less current liabilities			**1,847,653**		1,844,797
Creditors: amounts falling due after more than one year	14		**584,014**		630,556
			1,263,639		1,214,241
Capital and reserves					
Called up share capital	15		**13,650**		13,650
Share premium account	16		**225,720**		225,720
Profit and loss account	16		**1,022,469**		973,071
Capital redemption	16		**1,800**		1,800
Shareholders' funds - equity			**1,263,639**		1,214,241

The financial statements were approved by the Board on 23 FEBRUARY 2006

S E Warren-Gash
Director

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

The Original Poster Company Limited

Cash flow statement for the year ended 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	19		**248,343**		165,617
Returns on investments and servicing of finance					
Interest received		**1,873**		1,593	
Interest paid		**(68,824)**		(50,674)	
Interest element of finance lease rental payments		**(2,291)**		(3,097)	
Net cash outflow from returns on investments and servicing of finance			**(69,242)**		(52,178)
Taxation					
UK corporation tax paid			**(56,274)**		(47,198)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(28,066)**		(23,711)	
			(28,066)		(23,711)
Equity dividends paid			**(40,950)**		(170,625)
Cash inflow/(outflow) before use of liquid resources and financing			**53,811**		(128,095)
Financing					
Issue of share capital		**-**		40,500	
Capital element of finance lease rental payments		**(25,938)**		(28,002)	
Bank loans and mortgages		**(31,119)**		(30,202)	
			(57,057)		(17,704)
Decrease in cash	20,21		**(3,246)**		(145,799)

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:

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

Stocks are 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.

1 Accounting policies *(Continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

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 company's defined contribution pension scheme 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

	2005 £	2004 £
Distribution costs	**296,864**	298,701
Administration expenses	**1,611,276**	1,547,050
	1,908,140	1,845,751

4 Employees

	2005 £	2004 £
Staff costs consist of:		
Wages and salaries	**1,093,739**	1,007,649
Social security costs	**120,472**	101,882
Pensions	**26,781**	25,210
	1,240,992	1,134,741

The average number of employees, including directors, during the year was 32 (2004 - 28).

5 Directors

	2005 £	2004 £
Directors' emoluments consist of:		
Remuneration	**544,950**	492,650
Payments to defined contribution pension	**23,031**	22,210
Benefits in kind	**4,889**	4,433
	572,870	519,293
Emoluments of highest paid director:		
Remuneration	**117,600**	123,650
Payments to defined contribution pension	**12,115**	11,680
Benefits in kind	**1,343**	1,317
	131,058	136,647

There were 3 (2004 – 3) directors in the defined contribution pension scheme during the year.

6 Operating profit

	2005 £	2004 £
This has been arrived at after charging:		
Depreciation	**66,792**	69,410
Loss on disposal of fixed assets	**2,628**	4,729
Directors' emoluments (note 5)	**572,870**	519,293
Auditors' remuneration - audit services	**15,885**	13,500
- non audit services	**500**	8,597
Exchange loss	**4,115**	29,696
Hire of plant and machinery - operating leases	**7,994**	-
Hire of other assets - operating leases	**90,000**	90,000

7 Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdraft	**68,824**	50,674
Finance lease	**2,291**	3,097
	71,115	53,771

8 Taxation on profit from ordinary activities

	2005 £	2004 £
UK corporation tax	**27,955**	56,274
Adjustments in respect of prior years	**-**	-
Taxation on profit on ordinary activities	**27,955**	56,274
Tax reconciliation:		
Profit on ordinary activities	**118,303**	261,287
Tax on profit on ordinary activities at UK corporation tax rate 19% (2004 - 19%)	**22,478**	49,645
Effects of:		
Expenses not deductible for tax purposes	**4,886**	5,323
Depreciation in excess of capital allowances	**401**	1,306
Other short term timing differences	**190**	-
Current tax charge	**27,955**	56,274

9 Dividends

	2005 £	2004 £
Ordinary shares - paid £0.30 (2004 - £1.25) per share	**40,950**	170,625

10 Tangible assets

	Motor vehicles £	Office equipment £	Short leasehold £	Freehold property £	Total £
Cost					
At 1 July 2004	78,772	277,490	12,915	861,443	1,230,620
Additions	-	28,066	-	-	28,066
Disposals	-	(6,210)	-	-	(6,210)
At 30 June 2005	**78,772**	**299,346**	**12,915**	**861,443**	**1,252,476**
Depreciation					
At 1 July 2004	24,562	156,420	7,749	34,012	222,743
Charge for the year	13,552	33,428	2,583	17,229	66,792
Disposals	-	(3,582)	-	-	(3,582)
At 30 June 2005	**38,114**	**186,266**	**10,332**	**51,241**	**285,953**
Net book value					
At 30 June 2005	**40,658**	**113,080**	**2,583**	**810,202**	**966,523**
At 30 June 2004	54,210	121,070	5,166	827,431	1,007,877

The net book value of motor vehicles includes an amount of £23,623 (2004 - £54,210) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £7,874 (2004 - £10,435). The net book value of office equipment includes an amount of £4,199 (2004 - £14,603) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £1,399 (2004 - £4,868). The freehold property is included in the financial statements at cost.

11 Investments

	Trade £	Subsidiaries £	Total £
Cost			
At 30 June 2004 and at 30 June 2005	**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 2005 each of these companies held aggregate capital and reserves of £2.

12 Stocks

	2005 £	2004 £
Finished goods and goods held for resale	**838,601**	782,477

13 Debtors

	2005 £	2004 £
Trade debtors	**694,686**	780,868
Other debtors	**12,579**	12,100
Prepayments and accrued income	**92,637**	112,232
	799,902	905,200

Included within trade debtors is £56,429 (2004 - £25,081) due in more than one year. All other amounts fall due for payment within one year.

14 Creditors

Amounts falling due within one year:	2005 £	2004 £
Mortgage and loan (secured)	**31,034**	27,229
Bank overdraft (secured)	**264,084**	289,260
Trade creditors	**393,809**	494,026
Other creditors	**58,843**	18,485
Accruals and deferred income	**27,566**	25,503
Obligations under finance leases	**11,618**	25,938
Corporation tax	**27,955**	56,274
	814,909	936,715

Amounts falling due after more than one year:		
Obligations under finance leases	**7,280**	18,898
Mortgage and Loan (secured)	**576,734**	611,658
	584,014	630,556

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 mortgage and loan have a 12 years repayment term remaining at a variable interest rate, currently of 1.9% over the lending bank's base rate.

Obligations fall due as follows:

	2005 £	2004 £
Within one year	**72,465**	74,253
Between one and two years	**72,465**	74,253
Between two and five years	**217,397**	222,758
Over five years	**505,174**	586,794
	867,501	958,058
Less: Future finance charges	**(259,733)**	(319,171)
	607,768	638,887

14 Creditors *(Continued)*

	2005 £	2004 £
Which are disclosed as:		
Within one year	**31,034**	27,229
Between one and two years	**34,632**	30,985
Between two and five years	**125,480**	115,497
Over five years	**416,622**	465,176
	576,734	611,658
Obligations under finance leases fall due as follows:		
Within one year	**12,478**	28,139
Between one and two years	**7,454**	19,932
	19,932	48,071
Less: future finance charges	**(1,034)**	(3,235)
	18,898	44,836
Which are disclosed as:		
Within one year	**11,618**	25,938
Between one and two years	**7,280**	18,898
	18,898	44,836

15 Share capital

	Authorised			
	2005 Number	2004 Number	2005 £	2004 £
Ordinary shares of 10p each	**200,000**	200,000	**20,000**	20,000

	Allotted, called up and fully paid			
	2005 Number	2004 Number	2005 £	2004 £
Ordinary shares of 10p each	**136,500**	136,500	**13,650**	13,650

16 Reserves

	Share premium £	Capital redemption £	Profit and loss account £
At 1 July 2004	225,720	1,800	973,071
Profit for the year	-	-	49,398
At 30 June 2005	**225,720**	**1,800**	**1,022,469**

17 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the year	**90,348**	205,013
Dividends	**(40,950)**	(170,625)
Increase in share premium	-	40,050
Share issue	-	450
	49,398	74,888
Opening shareholders' funds	**1,214,241**	1,139,353
Closing shareholders' funds	**1,263,639**	1,214,241

18 Commitments under operating leases

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

	2005 Land and buildings £	2005 Other £	2004 Land and buildings £	2004 Other £
Operating leases which expire:				
In less than one year	**90,000**	**-**	-	-
In two to five years	**-**	**10,759**	90,000	-

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

	2005 £	2004 £
Operating profit	**187,545**	313,465
Depreciation	**66,792**	69,410
Loss on sale of fixed assets	**2,628**	4,729
Increase in stocks	**(56,124)**	(100,757)
Decrease/(increase) in debtors	**105,298**	(253,868)
(Decrease)/increase in creditors	**(57,796)**	132,638
Net cash inflow from operating activities	**248,343**	165,617

20 Reconciliation of net cash inflow to movement in net debt

	2005 £	2005 £	2004 £	2004 £
Decrease in cash in the year	**(3,246)**		(145,799)	
Cash outflow from change in debt and lease financing	**57,057**		58,204	
Movement in net debt resulting from cash flows		**53,811**		(87,595)
Inception of finance leases		-		(30,318)
Movement in net debt		**53,811**		(117,913)
Opening net debt		**(887,625)**		(769,712)
Closing net debt		**(833,814)**		(887,625)

21 Analysis of net debt

	At 1 July 2004 £	Cash flow £	Other non-cash changes £	At 30 June 2005 £
Cash in hand and at bank	85,358	**(28,422)**	-	**56,936**
Overdrafts	(289,260)	**25,176**	-	**(264,084)**
	(203,902)	**(3,246)**	-	**(207,148)**
Debt due after one year	(611,658)	-	**34,924**	**(576,734)**
Debt due within one year	(27,229)	**31,119**	**(34,924)**	**(31,034)**
Obligations under finance leases	(44,836)	**25,938**	-	**(18,898)**
Total	(887,625)	**53,811**	-	**(833,814)**