
HALEWOOD INTERNATIONAL MARKETING LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 30 June 2001* ◆



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HALEWOOD INTERNATIONAL MARKETING LIMITED

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HALEWOOD INTERNATIONAL MARKETING LIMITED

COMPANY INFORMATION

Director	J E Halewood S J Oldroyd
Secretary	S J Oldroyd
Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6AD
Registered number	3861237
Auditors	RSM Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	Lloyds TSB Bank plc 94 Fishergate Preston Lancashire PR1 2JB

REPORT OF THE DIRECTORS

The directors have pleasure in presenting the financial statements of the company for the year ended 30 June 2001, together with the auditors' report thereon.

PRINCIPAL ACTIVITIES

The company provides marketing services within the Halewood International group.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

A review of the business and future prospects of the group is included in the Directors' Report of the parent company accounts.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,413,000 (2000: £25,793). The directors propose a dividend of £100,000 (2000: £24,000) and the balance of profit has been transferred to reserves.

ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Halewood International Holdings PLC, a company incorporated in England.

DIRECTORS

The present directors of the company who served throughout the year are set out on page 1. H Melling resigned as a director on 9 November 2001.

The directors did not hold any shares in the company at 30 June 2001 or 30 June 2000. The directors' interests in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

DIRECTORS' RESPONSIBILITIES

Company law in the UK 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 its profit or loss for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with the company law in the United Kingdom.

REPORT OF THE DIRECTORS
(Continued)

EMPLOYEES

During the period the company continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

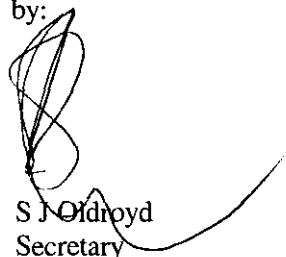
The group's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed. Although the group does not follow any code or standard on payment policy, where terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month. At 30 June 2001, the number of days of trade creditors for the group was 61 (2000 : 50 days).

AUDITORS

RSM Robson Rhodes have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

APPROVAL

The Report of the Directors was approved by the Board on 19th April 2002 and signed on its behalf by:



S J Oldroyd
Secretary

HALEWOOD INTERNATIONAL MARKETING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HALEWOOD INTERNATIONAL MARKETING LIMITED

We have audited the financial statements on pages 5 to 13.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

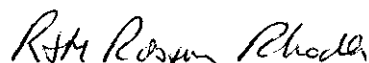
Basis of audit opinion

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 affairs of the company as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes

Chartered Accountants and Registered Auditors

Manchester, England

29 April 2002

HALEWOOD INTERNATIONAL MARKETING LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2001

	Note	2001 £	Three months 2000 £
Turnover: continuing operations	1 & 2	12,780,000	1,917,000
Cost of sales		(9,452,424)	(1,877,212)
Gross profit		3,327,576	39,788
Administration expenses		(90,362)	(6,169)
Operating profit: continuing operations	3	3,237,214	33,619
Interest payable	6	(41,214)	(3,826)
Profit on ordinary activities before taxation		3,196,000	29,793
Tax on profit on ordinary activities	7	(783,000)	(4,000)
Profit for the year		2,413,000	25,793
Dividends	8	(100,000)	(24,000)
Retained profit	15	2,313,000	1,793

There were no recognised gains or losses other than those stated above.

HALEWOOD INTERNATIONAL MARKETING LIMITED**BALANCE SHEET**
At 30 June 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	9	401,842	289,182
Investments	10	384,670	375,006
		786,512	664,188
Current assets			
Debtors	11	3,933,537	1,049,807
Cash at bank and in hand		4,281,241	293,212
		8,214,778	1,343,019
Creditors: Amounts falling due within one year	12	(6,633,343)	(1,979,369)
Net current assets / (liabilities)		1,581,435	(636,350)
Total assets less current liabilities		2,367,947	27,838
Creditors: Amounts falling due after more than one year	13	(53,054)	(25,945)
Net assets		2,314,893	1,893
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	2,314,793	1,793
Equity shareholders' funds	16	2,314,893	1,893

The financial statements were approved by the Board on behalf by:

19th April 2002 and signed on its

J E Halewood
Director



NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

1. ACCOUNTING POLICIES

Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Halewood International Holdings PLC which publishes a consolidated cash flow statement.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures and fittings, plant and machinery	10% to 25% on cost
Motor vehicles	25% on cost

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method to the extent it is likely that it will become payable in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Leasing

Where assets are financed by hire purchase the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. Future obligations are shown as a liability. The interest element of repayments made is charged to the profit and loss account on a straight line basis.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Investments

Investment assets are stated at cost. Depreciation is to be charged on investments to write them down to a residual value over a five year period.

Turnover

Turnover comprises sales to customers less discounts and allowances and is net of value added tax.

HALEWOOD INTERNATIONAL MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 June 2001****1. ACCOUNTING POLICIES**
(Continued)**Pensions**

The company operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost for the scheme represents contributions payable by the company in the year.

2. SEGMENTAL ANALYSIS

All turnover derives from the principal activity analysed by geographical market as follows:

	Year 2001 £	3 months ended 30 June 2000 £
United Kingdom	12,780,000	1,917,000

3. OPERATING PROFIT

	2001 £	2000 £
Operating profit is arrived at after charging:		
Auditors' remuneration	2,500	2,000
Depreciation of tangible fixed assets	112,252	29,341

4. EMPLOYEES

	Year 2001 £	3 months ended 30 June 2000 £
Wages and salaries	2,575,342	642,815
Social security costs	61,007	73,636
Pensions - defined contribution scheme	74,633	2,159
	<u>2,710,982</u>	<u>718,610</u>

HALEWOOD INTERNATIONAL MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

4. EMPLOYEES (Continued)

The average weekly number of employees during the period since trading commenced was made up as follows:

	2001 Number	2000 Number
Administration & selling	16	18

5. DIRECTORS' EMOLUMENTS

The company directors are also directors of the ultimate parent company, Halewood International Holdings PLC, and their remuneration is disclosed in the parent company financial statements.

Pension contributions have been made on behalf of two of the directors.

6. INTEREST PAYABLE

	Year 2000 £	3 months ended 30 June 2000 £
Bank overdraft	19,752	1,027
Hire purchase interest	8,775	2,792
Other interest	12,687	7
	<u>41,214</u>	<u>3,826</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation tax at 30%	781,000	4,000
Amendments in respect of prior years	2,000	-
	<u>783,000</u>	<u>4,000</u>

There is no liability to deferred tax.

HALEWOOD INTERNATIONAL MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
30 June 2001**8. DIVIDENDS**

	2001 £	2000 £
Proposed dividend on ordinary shares	100,000	24,000

9. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings and computer equipment £	Total £
Cost				
At 1 July 2000	46,560	418,314	23,826	488,700
Additions	3,146	266,991	3,350	273,487
Disposals	-	(155,756)	-	(155,756)
At 30 June 2001	49,706	529,549	27,176	606,431
Accumulated depreciation				
At 1 July 2000	30,387	160,111	9,020	199,518
Charge for the year	7,154	100,280	4,818	112,252
Disposals	-	(107,181)	-	(107,181)
At 30 June 2001	37,541	153,210	13,838	204,589
Net book value				
At 30 June 2001	12,165	376,339	13,338	401,842
At 30 June 2000	16,173	258,203	14,806	289,182

The book value of fixed assets includes an amount of £345,538 (2000: £154,402) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £59,850 (2000: £9,620).

HALEWOOD INTERNATIONAL MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
30 June 2001**10. INVESTMENTS**

	£
Cost	
At 1 July 2000	375,006
Additions	119,485
Disposals/depreciation	(109,821)
At 30 June 2001	384,670

Investments represent the cost of race horses.

11. DEBTORS

	2001 £	2000 £
Trace debtors	1,200	-
Other debtors	158,565	12,040
Prepayments	-	54,585
Amount due from fellow subsidiaries	3,773,772	983,182
	3,933,537	1,049,807

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Hire purchase finance	155,453	73,046
Debt due within one year	155,453	73,046
Trade creditors	344,372	352,272
Corporation tax	787,000	4,000
Other taxation and social security	315,568	293,988
Accruals and deferred income	2,126,552	305,682
Due to parent undertaking	627,953	617,997
Due to fellow subsidiaries	2,177,819	308,384
Proposed dividends	100,000	24,000
	6,633,343	1,979,369

HALEWOOD INTERNATIONAL MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
30 June 2001**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2001 £	2000 £
Hire purchase finance, repayable in one to two years	53,054	25,945

14. SHARE CAPITAL

	2000 Number	2000 Number
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid 100 ordinary shares of £1 each	100	100

15. RESERVES

	Profit and loss account £
At 1 July 2000	1,793
Retained profit for the year	2,313,000
At 30 June 2001	2,314,793

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2001 £	2000 £
Issue of share capital	-	100
Recognised gain	2,313,000	1,793
Opening equity shareholders' funds	1,893	-
Closing equity shareholders funds	2,314,893	1,893

NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

17. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross guaranteed the borrowings due to Lloyds TSB Bank plc. At 30 June 2001 these borrowings amounted to £18,351,000 (2000: £16,225,000).

18. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with fellow subsidiaries of Halewood International Holdings PLC. Under the provisions of Financial Reporting Standard No.8 "Related Party Disclosures" the company is exempt from disclosing the details of these transactions.

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Halewood International Holdings PLC, a company registered in England. Group accounts for Halewood International Holdings PLC are available to the public on payment of the appropriate fee, from Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.