

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2002
for
Bonnypack (Scotland) Limited**



Bonnypack (Scotland) Limited

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for the Year Ended 31 December 2002**

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Bonnypack (Scotland) Limited

Company Information
for the Year Ended 31 December 2002

DIRECTORS: H Ali
A Sattar
M Hayat

SECRETARY: A Sattar

REGISTERED OFFICE: 26 West Street
Glasgow
G5 8BD

REGISTERED NUMBER: SCO60880

AUDITORS: Ballantyne & Company
Chartered Certified Accountants
Registered Auditors
60 St Enoch Square
Glasgow
G1 4AG

Bonnypack (Scotland) Limited

Report of the Directors for the Year Ended 31 December 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of wholesale merchants, dealing in china, crystal, radio, television and other miscellaneous items.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

An interim dividend of £10 per share was paid on 31 July 2002. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2002 will be £110,000.

DIRECTORS

The directors during the year under review were:

H Ali
A Sattar
M Hayat

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary £1 shares		
H Ali	10	10
A Sattar	100	100
M Hayat	100	100

STATEMENT OF 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.

Bonnypack (Scotland) Limited

**Report of the Directors
for the Year Ended 31 December 2002**

AUDITORS

The auditors, Ballantyne & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

.....
A Sattar - SECRETARY

Dated: 12/9/03

Bonnypack (Scotland) Limited

**Report of the Independent Auditors to the Shareholders of
Bonnypack (Scotland) Limited**

We have audited the financial statements of Bonnypack (Scotland) Limited for the year ended 31 December 2002 on pages five to fourteen. 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 auditors' 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 directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ballantyne & Company
Chartered Certified Accountants
Registered Auditors
60 St Enoch Square
Glasgow
G1 4AG

Dated: 12/07/03

Bonnypack (Scotland) Limited

**Profit and Loss Account
for the Year Ended 31 December 2002**

		31.12.02	31.12.01
	Notes	£	£
TURNOVER		8,847,610	8,828,892
Cost of sales		<u>6,925,874</u>	<u>6,888,317</u>
GROSS PROFIT		1,921,736	1,940,575
Administrative expenses		<u>931,982</u>	<u>1,018,542</u>
OPERATING PROFIT	3	989,754	922,033
Interest receivable and similar income		<u>174,989</u>	<u>197,045</u>
		1,164,743	1,119,078
Interest payable and similar charges	4	<u>1,551</u>	<u>1,665</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,163,192	1,117,413
Tax on profit on ordinary activities	5	<u>348,547</u>	<u>328,418</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		814,645	788,995
Dividends	6	<u>110,000</u>	<u>110,000</u>
		704,645	678,995
Retained profit brought forward		<u>5,822,100</u>	<u>5,143,105</u>
RETAINED PROFIT CARRIED FORWARD		<u>£6,526,745</u>	<u>£5,822,100</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Bonnypack (Scotland) Limited

**Balance Sheet
31 December 2002**

		31.12.02		31.12.01	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		1,290,190		1,373,505
CURRENT ASSETS:					
Stocks	8	656,421		601,032	
Debtors	9	425,348		394,576	
Cash at bank and in hand		5,614,346		5,515,212	
		<u>6,696,115</u>		<u>6,510,820</u>	
CREDITORS: Amounts falling due within one year	10	<u>1,448,560</u>		<u>2,041,963</u>	
NET CURRENT ASSETS:			<u>5,247,555</u>		<u>4,468,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>6,537,745</u>		<u>5,842,362</u>
CREDITORS: Amounts falling due after more than one year	11		-		9,262
			<u>£6,537,745</u>		<u>£5,833,100</u>
CAPITAL AND RESERVES:					
Called up share capital	13		11,000		11,000
Profit and loss account			<u>6,526,745</u>		<u>5,822,100</u>
SHAREHOLDERS' FUNDS:	15		<u>£6,537,745</u>		<u>£5,833,100</u>

ON BEHALF OF THE BOARD:


A Sattar - DIRECTOR

Approved by the Board on 12/02/03.....

The notes form part of these financial statements

Bonnypack (Scotland) Limited

**Cash Flow Statement
for the Year Ended 31 December 2002**

		31.12.02		31.12.01	
	<i>Notes</i>	£	£	£	£
Net cash inflow from operating activities	1		369,660		994,950
Returns on investments and servicing of finance	2		173,438		195,380
Taxation			(360,715)		(376,134)
Capital expenditure	2		26,751		(11,476)
Equity dividends paid			(110,000)		(110,000)
			99,134		692,720
Financing	2		-		(5,609)
Increase in cash in the period			£99,134		£687,111
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		99,134		687,111	
Cash outflow from decrease in debt and lease financing		23,066		5,609	
Change in net funds resulting from cash flows			122,200		692,720
New finance leases			-		(28,675)
Movement in net funds in the period			122,200		664,045
Net funds at 1 January			5,492,146		4,828,101
Net funds at 31 December			£5,614,346		£5,492,146

The notes form part of these financial statements

Bonnypack (Scotland) Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.02 £	31.12.01 £
Operating profit	989,754	922,033
Depreciation charges	46,614	60,676
Loss on sale of fixed assets	9,950	-
Increase in stocks	(55,389)	(147,828)
Increase in debtors	(30,772)	(1,068)
(Decrease)/Increase in creditors	(590,497)	161,137
Net cash inflow from operating activities	369,660	994,950

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.02 £	31.12.01 £
Returns on investments and servicing of finance		
Interest received	174,989	197,045
Interest paid	(1,551)	-
Interest element of hire purchase payments	-	(1,665)
Net cash inflow for returns on investments and servicing of finance	173,438	195,380
Capital expenditure		
Purchase of tangible fixed assets	(34,849)	(11,476)
Sale of tangible fixed assets	61,600	-
Net cash inflow/(outflow) for capital expenditure	26,751	(11,476)
Financing		
Loan repayments in year	-	(5,609)
Net cash outflow from financing	-	(5,609)

The notes form part of these financial statements

Bonnypack (Scotland) Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2002**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank and in hand	5,515,212	99,134	5,614,346
	<u>5,515,212</u>	<u>99,134</u>	<u>5,614,346</u>
Debt:			
Hire purchase	(23,066)	23,066	-
	<u>(23,066)</u>	<u>23,066</u>	<u>-</u>
Total	<u>5,492,146</u>	<u>122,200</u>	<u>5,614,346</u>
Analysed in Balance Sheet			
Cash at bank and in hand	5,515,212		5,614,346
Hire purchase			
within one year	(13,804)		-
after one year	(9,262)		-
	<u>5,492,146</u>		<u>5,614,346</u>

The notes form part of these financial statements

Bonnypack (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Heritable property	-	2% straight line
Fixtures and fittings	-	25% on reducing balance
Motor vehicles	-	25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.12.02	31.12.01
	£	£
Wages and salaries	567,826	588,644
Other pension costs	61,160	100,000
	<u>628,986</u>	<u>688,644</u>

The average monthly number of employees during the year was as follows:

	31.12.02	31.12.01
Administration	4	4
Sales staff	42	37
	<u>46</u>	<u>41</u>

Bonnypack (Scotland) Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.02	31.12.01
	£	£
Depreciation - owned assets	46,614	58,301
Depreciation - assets on hire purchase contracts	-	2,375
Loss on disposal of fixed assets	9,950	-
Auditors' remuneration	5,995	5,435
	<u> </u>	<u> </u>
Directors' emoluments	31,200	48,400
Directors' pension contributions to money purchase schemes	29,660	39,988
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.02	31.12.01
	£	£
Corporation Tax Interest	1,551	-
Hire purchase	-	1,665
	<u> </u>	<u> </u>
	1,551	1,665
	<u> </u>	<u> </u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.02	31.12.01
	£	£
Current tax:		
UK corporation tax	339,773	335,941
Over-provision previous years	-	(7,523)
Under-provision previous years	8,774	-
	<u> </u>	<u> </u>
Total current tax	348,547	328,418
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	348,547	328,418
	<u> </u>	<u> </u>

UK corporation tax was charged at 30% in 2001.

6. DIVIDENDS

	31.12.02	31.12.01
	£	£
Equity shares:		
Interim	110,000	110,000
	<u> </u>	<u> </u>

Bonnypack (Scotland) Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

7. TANGIBLE FIXED ASSETS

	Heritable property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 January 2002	1,494,394	388,937	144,320	2,027,651
Additions	7,500	27,349	-	34,849
Disposals	-	-	(144,320)	(144,320)
	<u>1,501,894</u>	<u>416,286</u>	<u>-</u>	<u>1,918,180</u>
DEPRECIATION:				
At 1 January 2002	237,094	344,282	72,770	654,146
Charge for year	30,040	16,574	-	46,614
Eliminated on disposals	-	-	(72,770)	(72,770)
	<u>267,134</u>	<u>360,856</u>	<u>-</u>	<u>627,990</u>
NET BOOK VALUE:				
At 31 December 2002	<u>1,234,760</u>	<u>55,430</u>	<u>-</u>	<u>1,290,190</u>
At 31 December 2001	<u>1,257,300</u>	<u>44,655</u>	<u>71,550</u>	<u>1,373,505</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
At 1 January 2002	28,675
Transferred to ownership	(28,675)
	<u>-</u>
At 31 December 2002	-
DEPRECIATION:	
At 1 January 2002	2,375
Transferred to ownership	(2,375)
	<u>-</u>
At 31 December 2002	-
NET BOOK VALUE:	
At 31 December 2002	<u>-</u>
At 31 December 2001	<u>26,300</u>

8. STOCKS

	31.12.02	31.12.01
	£	£
Stock	<u>656,421</u>	<u>601,032</u>

Bonnypack (Scotland) Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.02	31.12.01
	£	£
Trade debtors	77,946	58,008
Prepayments	47,402	36,568
Due by associated company	300,000	300,000
	<u>425,348</u>	<u>394,576</u>

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.02	31.12.01
	£	£
Hire purchase contracts (see note 12)	-	13,804
Trade creditors	831,288	1,245,699
Directors loan account	100,305	158,044
Social security & other taxes	321,387	329,712
Taxation	169,773	181,941
Accrued expenses	25,807	112,763
	<u>1,448,560</u>	<u>2,041,963</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.02	31.12.01
	£	£
Hire purchase contracts (see note 12)	-	9,262
	<u>-</u>	<u>9,262</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	31.12.02	31.12.01
	£	£
Gross obligations repayable:		
Within one year	-	13,804
Between one and five years	-	9,262
	<u>-</u>	<u>23,066</u>
Net obligations repayable:		
Within one year	-	13,804
Between one and five years	-	9,262
	<u>-</u>	<u>23,066</u>

Bonnypack (Scotland) Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.02	31.12.01
			£	£
11,000	Ordinary	£1	11,000	11,000
			<u> </u>	<u> </u>

14. CONTINGENT LIABILITIES

Guarantee in favour of Customs & Excise for £20,000.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.02	31.12.01
	£	£
Profit for the financial year	814,645	788,995
Dividends	(110,000)	(110,000)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	704,645	678,995
Opening shareholders' funds	5,833,100	5,154,105
	<u> </u>	<u> </u>
Closing shareholders' funds	6,537,745	5,833,100
	<u> </u>	<u> </u>
Equity interests	6,537,745	5,833,100
	<u> </u>	<u> </u>

16. HERITABLE PROPERTY

Heritable Property includes a property the subject of a 125 year ground lease. This property has, with consent, been incorporated into the extended warehouse as part of the substantial redevelopment carried out during 1993.

Bonnypack (Scotland) Limited

**Trading and Profit and Loss Account
for the Year Ended 31 December 2002**

	31.12.02		31.12.01	
	£	£	£	£
Sales		8,847,610		8,828,892
Cost of sales:				
Purchases		6,925,874		6,888,317
GROSS PROFIT		1,921,736		1,940,575
Other income:				
Interest received		174,989		197,045
		2,096,725		2,137,620
Expenditure:				
Directors' remuneration	31,200		48,400	
Wages	536,626		540,244	
Pensions	61,160		100,000	
Telephone	3,822		3,389	
Advertising and stationery	2,714		1,444	
Motor and travelling expenses	5,976		13,824	
Repairs and renewals	13,157		12,168	
Sundry expenses	18,792		6,504	
Auditors remuneration	5,995		5,435	
Accountancy	865		-	
Bad debts	2,427		5,844	
Donations	7,535		30,035	
Rates	103,840		103,355	
Insurance	25,485		18,470	
Light and heat	16,309		13,085	
		835,903		902,197
		1,260,822		1,235,423
Finance costs:				
Corporation Tax Interest	1,551		-	
Hire purchase	-		1,665	
Bank charges	39,515		55,669	
		41,066		57,334
		1,219,756		1,178,089
Depreciation:				
Property	30,040		29,900	
Fixtures and fittings	16,574		13,276	
Motor vehicles	-		17,500	
		46,614		60,676
Carried forward		1,173,142		1,117,413

This page does not form part of the statutory financial statements

Bonnypack (Scotland) Limited

**Trading and Profit and Loss Account
for the Year Ended 31 December 2002**

	31.12.02		31.12.01	
	£	£	£	£
Brought forward		1,173,142		1,117,413
Loss on disposal of fixed assets:				
Motor vehicles		9,950		-
NET PROFIT		<u>£1,163,192</u>		<u>£1,117,413</u>

This page does not form part of the statutory financial statements