

IMPEX CREATIVE CRAFTS LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number: 1165448

MONDAY



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	COMPANIES HOUSE		
A12	*AWH7U5VQ*	28/11/2008	156
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IMPEX CREATIVE CRAFTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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IMPEX CREATIVE CRAFTS LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

Company information

Directors

N R Kankiwala
I J Hamilton
M Stanworth

Company secretary

M Stanworth

Registered Office

Impex House
Atlas Road
Wembley
Middlesex
HA9 0TX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Solicitors

MacFarlanes
10 Norwich Street
London
EC4A 1BD

Bankers

Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP

IMPEX CREATIVE CRAFTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their annual report together with the audited accounts of the company for the year ended 31 December 2007.

PRINCIPAL ACTIVITY

The principal activities of the company continued to be those of general merchants, importers, exporters and distributors of fancy trimmings and art and craft accessories.

RESULTS FOR THE YEAR

The results of the company and the financial position as at the year end are set out in the income statement and balance sheet on pages 7 and 8 respectively. These financial statements are prepared under the International Financial Reporting Standards.

DIRECTORS

The directors who held office throughout the year and up to the date of signing the financial statements were:

M Wilson - resigned 1 December 2007

N R Kankiwala

I J Hamilton

M Stanworth

POLITICAL AND CHARITABLE DONATIONS

There were no donations during the year (2006: Nil).

DIRECTORS' INDEMNITIES

The company maintains liability insurance for its directors and officers. Following shareholder approval the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity for the purposes of the Companies Act 1985.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are the auditors of the company and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

IMPEX CREATIVE CRAFTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



Mark Stanworth

Director

Date: 28/3/08

IMPEX CREATIVE CRAFTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The financial statements are required by law to 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.

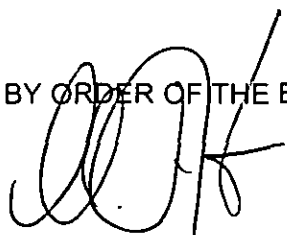
In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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.

BY ORDER OF THE BOARD



Mark Stanworth

Director

Date:

28/3/08

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPEX CREATIVE CRAFTS LIMITED

We have audited the financial statements of Impex Creative Crafts Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPEX CREATIVE CRAFTS LIMITED (continued)

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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2007 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 April 2008

IMPEX CREATIVE CRAFTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
REVENUE	2	1,978	2,538
Changes in inventories of finished goods	5	56	278
Raw materials and consumables		669	744
Employment benefit costs	3	541	650
Depreciation		16	29
Other operating charges		396	568
TOTAL EXPENSES		(1,678)	(2,269)
OPERATING PROFIT		300	269
Finance income	6	62	25
Finance cost	6	-	(3)
Finance income net		62	22
PROFIT BEFORE TAXATION	2	362	291
Income tax expense	7	(100)	(90)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		262	201

IMPEX CREATIVE CRAFTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	14	33
Deferred tax assets	14	37	1
		<u>51</u>	<u>34</u>
Current assets			
Inventories	9	308	364
Trade and other receivables	10	1,553	766
Cash and cash equivalents	11	<u>314</u>	<u>618</u>
		2,175	1,748
TOTAL ASSETS		<u>2,226</u>	<u>1,782</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	(638)	(446)
Current income tax liabilities		-	(10)
		<u>(638)</u>	<u>(456)</u>
NET ASSETS		<u>1,588</u>	<u>1,326</u>
SHAREHOLDERS' EQUITY			
Ordinary shares	13	5	5
Equity reserve		10	10
Retained earnings		1,573	1,311
TOTAL EQUITY		<u>1,588</u>	<u>1,326</u>

The financial statements on pages 7 to 28 were approved by the board on 28/3/08 and signed on its behalf by:


M. Stanworth
Director

IMPEX CREATIVE CRAFTS LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
Cash flows from operating activities:			
Profit before taxation		362	291
Depreciation		16	29
Fair value of share options	3	-	8
(Decrease)/ increase in inventories provision		(29)	135
Release of hedging reserve		-	4
Foreign exchange differences		3	(1)
Decrease in inventories		85	76
Decrease in trade and other receivables		37	206
Increase/ (decrease) in trade and other payables		27	(162)
(Increase)/ decrease in intercompany balances		(804)	193
Cash (used in)/generated from operations		(303)	779
Income tax paid		(4)	(307)
Interest received		-	26
Interest paid		-	(4)
Net cash (used in)/ generated from operating activities		(307)	494
Cash flows from investing activities:			
Purchase of property, plant and equipment		-	(6)
Proceeds from sale of property, plant and equipment		3	3
Net cash generated from/ (used in) investing activities		3	(3)
Net (decrease)/ increase in cash and cash equivalents		(304)	491
Cash and cash equivalents at beginning of the year		618	122
Exchange gains on cash and cash equivalents		-	5
Cash and cash equivalents at end of the year	11	314	618

IMPEX CREATIVE CRAFTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<u>Attributable to equity holders of the company</u>				
	Ordinary shares £'000	Equity reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2006	5	2	(4)	1,110	1,113
Retained profit	-	-	-	201	201
Fair value of share options	-	8	-	-	8
Net release of cash flow hedges	-	-	4	-	4
At 1 January 2007	5	10	-	1,311	1,326
Retained profit	-	-	-	262	262
At 31 December 2007	5	10	-	1,573	1,588

The equity reserve relates to the fair value of share options granted to, and exercised by, employees of the company.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1) ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC, interpretations and the Companies Act, 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except in respect of certain financial instruments.

Standards, amendments and interpretations effective in 2007:

- IFRS 7, financial instruments disclosures, this standard requires additional disclosure only
- IAS 1 (amendment) capital disclosures, this standard requires additional disclosure only

Standards, amendments and interpretations effective in 2007 but not relevant.

- IFRIC 8, scope of IFRS 2, share-based payments
- IFRIC 10, interims and impairment
- IAS 27 (revised), consolidated and separate financial statements
- IFRS 4 (revised), insurance contracts
- IFRIC 9, reassessment of embedded derivatives
- IFRIC 7, applying IAS 29 for the first time

Standards, amendments and interpretations that are not yet effective and have not been adopted early.

- IAS 1 (revised), presentation of financial statements (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the company
- IFRS 8, operating segments (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the company

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Standards, amendments and interpretations that are not yet effective and are not relevant:

- IFRIC 14, IAS 19, the limit on a defined benefit asset, minimum funding requirement and their interaction (effective for annual periods beginning on or after 1 January 2008)
- IFRIC 13, customer loyalty programmes relating to IAS 18 revenue (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 12, service concession arrangements (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 11, IFRS 2, group and treasury share transactions (effective for annual periods beginning on or after March 2007), is not expected to have any significant impact on the results of the company
- IFRS 2, share-based payments – clarification of share vesting conditions (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the company
- IFRS 3 (revised), business combinations (effective for annual periods beginning on or after 1 July 2009), will impact the calculation of consideration and goodwill for future acquisitions, as transaction costs will be expensed and some contingent payments will be remeasured at fair value through the income statement
- IAS 23 (amendment), borrowing costs (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the company

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The company is a limited company and is incorporated and domiciled in England and Wales.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1) ACCOUNTING POLICIES (continued)

b. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is included at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided using the straight line method to allocate the cost of the asset to their residual values over their estimated useful lives.

The following rates per annum are used:

Plant and equipment	25%
Furniture and fittings	25%
Motor vehicles	25%

The carrying values of plant and equipment are reviewed for impairment either annually, or when events or changes in circumstances indicate the carrying value may not be recoverable (whichever is the earlier). If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

c. INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes an addition for production overheads based on normal operating capacity where appropriate.

d. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "other operating costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating costs" in the income statement.

e. TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1) ACCOUNTING POLICIES (continued)

f. RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred.

g. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss on remeasurement depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the exposure being hedged.

The company designates derivatives as hedges of risks associated with highly probable cash flow transactions, as derivatives are only entered into when considered to be an effective hedge against financial exposures.

At the balance sheet date the derivatives are valued with the gross values being set up as foreign exchange receivables and payables, with the gain or loss on revaluation being set up as a hedging reserve. The fair value of the forward foreign currency contracts has been determined based on market forward exchange rates at the balance sheet date.

h. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, and short term deposits with a maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

i. REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured for the sale of goods in the ordinary course of the company's activities. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is stated net of value added tax and other discounts, if applicable.

j. LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1) ACCOUNTING POLICIES (continued)

k. SHARE BASED PAYMENTS

Employees (including directors) of the company received remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity settled transactions'). The cost of these transactions was measured by reference to the fair value at the date at which the options are granted. The fair value is determined by using the Black-Scholes option pricing model (further details are shown in the notes to Jake Holdings Limited financial statements). The employees participated in an SAYE scheme which expired following the acquisition of Mayborn Group Plc by Jake Acquisitions Plc on 20 July 2006.

l. PENSION

The company operates a stakeholder pension plan. Contributions to the stakeholder scheme are charged to the income statement in the period that they are paid.

m. PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

n. CURRENT TAXATION

The current taxation charge, including UK corporation tax, is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1) ACCOUNTING POLICIES (continued)

o. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which the temporary differences can be utilised.

p. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q. FOREIGN CURRENCY TRANSLATION

The functional and presentational currency of the company is UK sterling. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rate of exchange ruling of the balance sheet date. Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction and are taken to the income statement in the period incurred.

2) REVENUE AND PROFIT BEFORE TAXATION

The activities of the company are considered one class of business.

Turnover by area of geographic destination	2007 £'000	2006 £'000
United Kingdom	1,906	2,406
Europe	71	123
Far East / Australia	1	9
	<u>1,978</u>	<u>2,538</u>

The profit before taxation is stated after charging (crediting)	2007 £'000	2006 £'000
Auditors' remuneration - audit fees	12	10
Depreciation	16	29
Directors emoluments	68	72
Foreign exchange differences	3	(5)
Operating lease charges	51	50
Repairs and maintenance	<u>16</u>	<u>15</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

3) EMPLOYEE BENEFIT COSTS

	2007 £'000	2006 £'000
Wages and salaries	481	570
Social security costs	50	59
Other pension costs	10	13
Fair value of share options	-	8
	<u>541</u>	<u>650</u>

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

	Number	Number
By activity:		
Production	5	6
Office and administration	17	17
	<u>22</u>	<u>23</u>

4) DIRECTORS EMOLUMENTS

Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	<u>68</u>	<u>72</u>

Only one director was remunerated by the company. The other directors received no remuneration in respect of their directorship of the company. They were remunerated either by Dylon International Limited or Mayborn Group Limited and their remuneration is included within directors' emoluments in the financial statements of those companies.

5) CHANGES IN INVENTORIES OF FINISHED GOODS

	2007 £'000	2006 £'000
Reduction in inventories before provision	85	157
(Decrease)/ increase in inventories provision	(29)	121
Change in inventories	<u>56</u>	<u>278</u>

During the year, the company reduced the level of excess and obsolete inventories and wrote back £29,000 of the inventories provision of £121,000 available at 31 December 2006.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

6) NET FINANCE INCOME

	2007 £'000	2006 £'000
Intercompany interest receivable	62	25
Other interest payable	-	(3)
	<u>62</u>	<u>22</u>

7) INCOME TAX EXPENSE

a. Analysis of tax charge for the year

	2007 £'000	2006 £'000
UK corporation tax for current year	101	91
Adjustment to UK corporation tax charged for prior years	35	2
UK corporation tax	<u>136</u>	<u>93</u>
Deferred taxation for current year	9	(3)
Deferred tax adjustment for prior years	(45)	-
Deferred tax	<u>(36)</u>	<u>(3)</u>
Total taxation (note b)	<u>100</u>	<u>90</u>

b. Factors affecting tax charge for the year

The tax assessed for the year is lower (2006: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	<u>362</u>	<u>291</u>
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 30% (2006: 30%)	109	87
Effect of disallowed expenditure	1	1
Adjustment to prior year	(10)	2
Total taxation	<u>100</u>	<u>90</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

8) PROPERTY, PLANT AND EQUIPMENT

	Equipment, furniture, fittings and vehicles Total £'000
COST	
At 1 January 2006	117
Additions	5
Disposals	(10)
31 December 2006	<u>112</u>
Disposals	(30)
31 December 2007	<u>82</u>
ACCUMULATED DEPRECIATION	
At 1 January 2006	57
Charged during the year	29
Disposals	(7)
31 December 2006	<u>79</u>
Charged during the year	16
Disposals	(27)
31 December 2007	<u>68</u>
NET BOOK AMOUNT	
At 31 December 2007	<u>14</u>
At 31 December 2006	<u>33</u>
At 1 January 2006	<u>60</u>

9) INVENTORIES

	2007 £'000	2006 £'000
Finished goods inventories before provision	400	485
Provision for obsolete stock	(92)	(121)
Finished goods inventories	<u>308</u>	<u>364</u>
Amounts of inventories consumed	<u>725</u>	<u>1,022</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

10) TRADE AND OTHER RECEIVABLES

	2007 £'000	2006 £'000
Trade receivables	273	303
Due from immediate parent	1,268	444
Prepayments	12	19
	<u>1,553</u>	<u>766</u>

All trade receivables are denominated in £ sterling.

Amount due from immediate parent is unsecured, interest bearing at 6% per annum and repayable on demand.

	2007 £'000	2006 £'000
Trade receivables from major customers		
Total balances outstanding from top six customers	<u>87</u>	<u>129</u>
Total credit limits of top six customers	77	76
Total receivables outstanding from other customers	186	174
Total trade receivables	273	303
Top six customers as percentage of total trade receivables	32%	43%

As of 31 December, trade receivables can be analysed as follows:

	2007 £'000	2006 £'000
Current	113	102
Post date	<u>163</u>	<u>209</u>
	<u>276</u>	<u>311</u>

	2007 £'000	2006 £'000
Movement on provisions for impairment of trade receivables		
At 1 January	8	-
Provisions (released)/ charged	<u>(5)</u>	<u>8</u>
At 31 December	<u>3</u>	<u>8</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

11) CASH AND CASH EQUIVALENTS

	2007 £'000	2006 £'000
Cash at bank and in hand	<u>314</u>	<u>618</u>

These balances represent cash and cash equivalents for the purposes of the cash flow statement.

12) TRADE AND OTHER PAYABLES

	2007 £'000	2006 £'000
Trade payables	119	80
Due to intermediate parents	467	302
Taxes and social security payments	23	25
Accruals	29	39
	<u>638</u>	<u>446</u>

Amounts due to intermediate parents are unsecured, interest free and repayable on demand.

13) ORDINARY SHARES

	2007 £'000	2006 £'000
50,000 authorised ordinary shares of £1 each	<u>50</u>	<u>50</u>
5,000 allotted, called up and fully paid ordinary shares of £1 each	<u>5</u>	<u>5</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

14) DEFERRED TAXATION

The deferred tax asset is comprised of the following amounts:

	2007 £'000	2006 £'000
Inventories provisions	28	-
Accelerated tax depreciation	9	1
	<u>37</u>	<u>1</u>
Amount recoverable within one year	17	1
Amounts recoverable in more than one year	20	-
	<u>37</u>	<u>1</u>

The company continues to be profitable and it is considered that the deferred tax asset will be realised within the next two to three years.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax assets/ (liabilities)	Inventories provision £'000	Accelerated tax depreciation £'000	Total £'000
At 1 January 2006	-	(2)	(2)
Credited to the income statement	-	3	3
At 31 December 2006	-	1	1
Credited to the income statement	28	8	36
At 31 December 2007	<u>28</u>	<u>9</u>	<u>37</u>

15) CONTINGENT LIABILITY

At 31 December 2007 there was a £60,000 (2006: £60,000) guarantee in favour of HM Customs and Excise.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

16) OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2007 £'000	2006 £'000
a) Land and buildings		
No later than 1 year	36	36
Later than 1 year and no later than 5 years	-	36
	<u>36</u>	<u>72</u>
b) Other assets		
No later than 1 year	24	14
Later than 1 year and no later than 5 years	18	13
	<u>42</u>	<u>27</u>

17) RELATED PARTY TRANSACTIONS

The company is controlled by Dylon International Limited, which owns 100% of the company's shares. The ultimate parent and controlling party of the company is Jake Holdings Limited.

The following transactions were carried out with related parties:

	2007 £'000	2006 £'000
a) Sale of goods and services		
Sale of goods to immediate parent at cost	25	27
b) Purchase of goods and services		
Purchase of services from immediate parent	-	60
c) Year end balances arising from sales / purchases of goods services and fund transfer		
Receivable from immediate parent	1,268	444

The receivables are unsecured in nature and bear interest at 6%

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

18) FINANCIAL RISK MANAGEMENT

a) Financial risk factors

The company's operations expose it to a variety of financial risks that includes market risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by close monitoring of debt and finances.

a) Market risk

- i) *Foreign exchange risk:* The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

The following table sets out the net foreign currency monetary assets/(liabilities) of the company (including short-term trade debtors and creditors).

	2007 £'000	2006 £'000
US dollars	5	54
Euros	(14)	2
Net foreign currency monetary assets	<u>(9)</u>	<u>56</u>

At 31 December 2007, if UK sterling had weakened by 8% against the Euro and US dollar with all other variables held constant, post-tax profit for the year would have been £1,000 lower (2006 £5,000 higher), mainly as a result of foreign exchange gains/losses on translation of Euro and US\$ denominated trade payables and cash balances. The results would have been reversed if the £ had strengthened by 8%.

- ii) *Price risk:* The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

- iii) *Cash flow and fair value interest rate risk* As the company has no significant interest-bearing borrowings, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from short term investments and cash deposits. Cash deposits expose the group to cash flow interest rate risk. During 2007 and 2006, the group's cash deposits at variable rate were denominated in UK pounds.

The interest rate profile of the company's financial assets as at 31 December is summarised in the table below (excluding short-term trade debtors and creditors).

	2007 £'000	2006 £'000
Cash at bank and on hand		
- £ sterling	302	545
- US dollar	13	67
- Euro	(1)	6
- variable rate	<u>314</u>	<u>618</u>

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised this is subject to pre-approval by the board of directors and such approval is limited to financial institutions with an investment grade rating or better.

The table below shows the amount owing from the major counterparties at the balance sheet date:

	2007 £'000	2006 £'000
Customer A	44	102
Customer B	18	6
Customer C	<u>9</u>	<u>8</u>

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the nature of the underlying businesses, the company finance aims to maintain flexibility in funding by keeping short-term cash deposits available.

The table below analyses the company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows and excludes deferred revenue.

	2007 £'000	2006 £'000
Financial liabilities		
- £ sterling	617	429
- US dollar	7	13
- Euros	14	4
	<u>638</u>	<u>446</u>

	2007 £'000	2006 £'000
Trade and other payables within one year	638	446
Trade and other payable two to five years	-	-
	<u>638</u>	<u>446</u>

Capital risk management

The company's objectives when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or consider raising debt.

	2007 £'000	2006 £'000
Total equity	1,588	1,326
Less cash and cash equivalents and short-term investments	(314)	(618)
	<u>1,274</u>	<u>708</u>

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

19) FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2007 £'000	2006 £'000
Assets as per balance sheet		
Trade and other receivables	1,541	747
Cash and cash equivalents	<u>314</u>	<u>618</u>
	1,855	1,365
Trade and other payables	(638)	(446)
	<u>1,217</u>	<u>919</u>

20) POST BALANCE SHEET EVENTS

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the year to 31 December 2008.

The changes to the industrial building allowances available will result in no change in deferred tax liabilities recognised in respect of land and buildings. The company has not claimed any industrial buildings allowances.

IMPEX CREATIVE CRAFTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

21) ULTIMATE PARENT COMPANY

The immediate parent undertaking is Dylon International Limited.

The ultimate parent undertaking and controlling party is Jake Holdings Limited, a company incorporated in England & Wales.

Jake Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2007. The consolidated financial statements of Jake Holdings Limited are available from the Registered Office at 10 Norwich Street, London EC4A 1BD.

22) CONTINGENT LIABILITIES

There is an outstanding claim from a former employee, management do not believe the claim will result in a liability crystallising and therefore no provision has been made within the financial statements.