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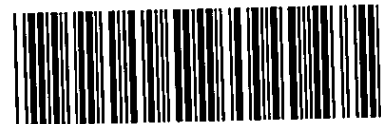
Sunnflair Limited

Report and Financial Statements

Year Ended

30 September 2006

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BDO Stoy Hayward
Chartered Accountants

Sunnflair Limited

Annual report and financial statements for the year ended 30 September 2006

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Directors

R A Lawless
R O Lawless

Secretary and registered office

R O Lawless, Cutlers Road, Saltcoates Industrial Estate, South Woodham Ferrers, Essex, CM3 5XJ.

Company number

1732999

Auditors

BDO Stoy Hayward LLP, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

Report of the directors for the year ended 30 September 2006

The directors present their report together with the audited financial statements for the year ended 30 September 2006

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year. The directors do not recommend the payment of a dividend.

Principal activities

The company's principal activity in the year under review was that of the distribution of camping and leisure products.

Post balance sheet events

On 31 May 2007 the company released the full loan accounts of R A Lawless, R O Lawless and S D Lawless in satisfaction of their bonuses for the year ended 30 September 2006 and 2007 (see note 19).

Review of business and future developments

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

The company is engaged in the distribution of camping and leisure products. This takes place in the UK, Ireland and mainland Europe. There have been no changes in the company's activities in the year under review.

The stock at 30 September 2005 was subsequently found to contain material errors both in certain quantities and values which resulted in the opening stock at 1 October 2005 being significantly overstated. This adjustment has been treated as a prior year adjustment.

Subsequent to the year end the directors became aware that not all the transactions in the purchase ledger were supported by adequate documentation. The directors have made every effort to ensure that trade creditors are materially correct and have received the support of its holding company to ensure any impact on this company's profit and loss account has been minimised.

The profit and loss account is set out on page 6 and shows turnover for the year of £10,150,501 (2005 £9,270,496) and a loss for the year of £410,495 (2005 £178,018 profit).

Turnover has increased by 9.5%. However, this rate of increase is unlikely to be repeated in 2007.

Administrative expenses includes 'one off' £750,000 directors bonuses which principally accounts for the company making a net loss for the year.

The business continues to develop innovative products for its target market and has maintained its profitability at gross margin level despite tough trading conditions.

The Directors remain confident in the future profitability of the company.

Sunnflair Limited

Report of the directors for the year ended 30 September 2006 (Continued)

Principal risks and uncertainties

The market for camping and leisure products remains highly competitive. The company seeks to manage the risks of losing customers by the provision of added value services to customer, improving response times in the supply of products and the handling of customer queries and by maintaining strong relationships with key customers.

Sales to Ireland and mainland Europe are made in Euros

The company makes significant purchases in US \$ from China and is therefore exposed to movements in the \$ to sterling exchange rate. The directors monitor movements in the exchange rate and take out forward contracts to reduce any risk of exposure.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, by insuring debts and by monitoring payments against agreements.

The company monitors cash flow as part of its day to day control procedures. The Board monitors cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon when necessary.

Directors

The directors of the company during the year were

R A Lawless	
R O Lawless	
M C Lawless	(resigned 6 June 2006)
S D Lawless	(resigned 26 May 2007)
M Salmon	(resigned 11 August 2006)
T J Rose	(appointed 21 March 2006, resigned 6 June 2006)
G J White	(appointed 21 March 2006, resigned 6 June 2006)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. 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.

Sunnflair Limited

Report of the directors for the year ended 30 September 2006 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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.

On behalf of the board



R O Lawless
Director

Date 17 March 2008

To the shareholders of Sunnflair Limited

We have audited the financial statements of Sunnflair Limited for the year ended 30 September 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the report is consistent with those financial statements. We also 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 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because the accounting records in respect of the purchase ledger and certain payments made were considered to be inadequate and in some respects incomplete, such that we were unable to obtain satisfactory and appropriate evidence that trade creditors are not materially misstated. Any adjustments to trade creditors would have an effect on the net assets as at 30 September 2006, and a corresponding effect on the loss for the period then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to accounting records in respect of trade creditors and related payments for the year ended 30 September 2006, in our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to accounting records in respect of trade creditors and related payments for the year ended 30 September 2006

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records had been maintained

In our opinion, the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Chelmsford

Date 17 March 2008

Sunnflair Limited**Profit and loss account for the year ended 30 September 2006**

	Note	2006 £	2005 As restated £
Turnover	3	10,150,501	9,270,496
Cost of sales		6,860,614	6,289,785
Gross profit		3,289,887	2,980,711
Distribution costs		751,191	649,566
Administrative expenses		2,956,157	2,000,457
Operating (loss)/profit	4	(417,461)	330,688
Other interest receivable and similar income		68	43
Interest payable and similar charges	7	(69,979)	(75,636)
(Loss)/profit on ordinary activities before taxation		(487,372)	255,095
Taxation on (loss)/profit on ordinary activities	8	76,877	(77,077)
(Loss)/profit on ordinary activities after taxation		(410,495)	178,018

All amounts relate to continuing activities

The notes on pages 9 to 19 form part of these financial statements

Sunnflair Limited

Statement of total recognised gains and losses for the year ended 30 September 2006

	2006	2005
	£	As restated £
(Loss)/profit for the financial year	(410,495)	178,018
Prior year adjustment - note 2	(298,522)	_____
Total losses recognised since last financial statements	(709,017)	_____

The notes on pages 9 to 19 form part of these financial statements

Sunnflair Limited

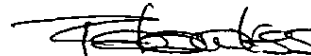
Balance sheet at 30 September 2006

	Note	2006 £	2006 £	2005 As restated £	2005 As restated £
Fixed assets					
Tangible assets	9		36,138		61,816
Current assets					
Stocks	10	1,527,467		1,719,601	
Debtors	11	2,683,971		1,223,523	
Cash at bank and in hand		30,959		2,335	
		<u>4,242,397</u>		<u>2,945,459</u>	
Creditors: amounts falling due within one year	12	3,030,602		1,336,996	
		<u></u>		<u></u>	
Net current assets			1,211,795		1,608,463
			<u></u>		<u></u>
Total assets less current liabilities			1,247,933		1,670,279
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	13		-		11,851
			<u></u>		<u></u>
			1,247,933		1,658,428
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Profit and loss account	21		1,147,933		1,558,428
			<u></u>		<u></u>
Shareholders' funds	22		1,247,933		1,658,428
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 March 2008.



R O Lawless
Director



R A Lawless
Director

The notes on pages 9 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.

Going concern

The company is reliant on the support of its bankers. The Bank facilities are currently due for renewal, the company's bankers have however indicated in writing that they currently have no reason to believe that the current facilities would not be renewed for a period of at least one year, consequently the directors are of the view that it is appropriate the accounts be prepared on a going concern basis

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Sunnflair Holdings Limited and the company is included in consolidated financial statements

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates.

Plant & machinery	- 25% Straight line
Motor vehicles	- 25% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (continued)

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

Deferred tax balances are not discounted

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. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it 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.

Pension costs

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 Prior year adjustment

Stock at 30 September 2005 was subsequently found to contain material errors both in certain quantities and values which resulted in the opening stock at 30 September 2005 being significantly overstated by £426,460. As this constitutes a material error in the prior year closing stock this adjustment has been treated as a prior year adjustment. The net effect of this prior year adjustment after taxation is £298,522.

Sunnflair Limited**Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)****3 Turnover**

	2006 £	2005 £
Analysis by geographical market		
United Kingdom	10,010,255	9,087,076
Europe	140,246	183,420
	<hr/>	<hr/>
	10,150,501	9,270,496
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company

4 Operating (loss)/profit

	2006 £	2005 £
This is arrived at after charging		
Depreciation of tangible fixed assets	36,261	31,785
Hire of plant and machinery - operating leases	26,959	25,059
Hire of other assets - operating leases	174,000	135,000
Auditors' remuneration:		
Audit services - 2004	-	26,500
Audit services - 2005	-	30,000
Audit services - 2006	80,500	-
Non audit services	3,500	-
	<hr/>	<hr/>

Sunnflair Limited**Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)****5 Employees**

Staff costs (including directors) consist of

	2006	2005
	£	£
Wages and salaries	1,536,875	751,751
Social security costs	184,828	76,236
Other pension costs	2,270	2,741
	1,723,973	830,728

The average number of employees (including directors) during the year was as follows

	2006	2005
	Number	Number
Sales and administration	18	18
Distribution	13	13
	31	31

6 Directors' remuneration

	2006	2005
	£	£
Directors' emoluments	975,151	339,651
Compensation for loss of office	15,000	-

There were no directors in the company's defined contribution pension scheme during the year (2005 - 3)

The total amount payable to the highest paid director in respect of emoluments was £295,530 (2005 - £73,996).

7 Interest payable and similar charges

	2006 £	2005 £
Bank loans and overdrafts	64,119	75,167
Finance leases and hire purchase contracts	699	469
Corporation tax interest	5,161	-
	<u>69,979</u>	<u>75,636</u>

8 Taxation on (loss)/profit on ordinary activities

	2006 £	2005 As restated £
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	77,077
Adjustment in respect of previous periods	(76,877)	-
	<u></u>	<u></u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 As restated £
(Loss)/profit on ordinary activities before tax	(487,372)	255,095
	<u></u>	<u></u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	(146,212)	76,528
Effect of:		
Depreciation for period in excess of capital allowances	3,344	549
Adjustment to tax charge in respect of previous periods	(204,815)	-
Losses carried back	205,014	-
Losses group relieved	45,417	-
Losses carried forward	20,375	-
	<u></u>	<u></u>
Current tax (credit)/charge for period	(76,877)	77,077
	<u></u>	<u></u>

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 October 2005	339,225	129,296	468,521
Additions	10,583	-	10,583
	<hr/>	<hr/>	<hr/>
At 30 September 2006	349,808	129,296	479,104
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 October 2005	299,926	106,779	406,705
Provided for the year	25,601	10,660	36,261
	<hr/>	<hr/>	<hr/>
At 30 September 2006	325,527	117,439	442,966
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2006	24,281	11,857	36,138
	<hr/>	<hr/>	<hr/>
At 30 September 2005	39,299	22,517	61,816
	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £NIL (2005 - £23,441) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £NIL (2005 - £1,931)

10 Stocks

	2006 £	2005 As restated £
Finished goods and goods for resale	1,481,168	1,562,059
Goods in transit	46,299	157,542
	<hr/>	<hr/>
	1,527,467	1,719,601
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Sunnflair Limited**Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)****11 Debtors**

	2006	2005
	£	£
Trade debtors	1,199,853	952,216
Amounts owed by group undertakings	309,495	207,170
Directors' loan accounts	840,259	-
Corporation tax recoverable	321,455	-
Other debtors	6,794	45,610
Prepayments and accrued income	6,115	18,527
	2,683,971	1,223,523

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2006	2005
	£	As restated £
Bank loans and overdrafts (secured)	1,191,610	565,189
Trade creditors	9,982	129,266
Corporation tax	-	99,415
Other taxation and social security	115,134	25,256
Obligations under finance lease and hire purchase contracts	-	4,628
Invoice discounting creditor (secured)	678,926	387,002
Other creditors	33,259	12,772
Accruals and deferred income	1,001,691	113,468
	3,030,602	1,336,996

The bank overdraft and invoice discounting creditor are secured by a fixed and floating charge over the company's assets.

13 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Obligations under finance lease and hire purchase contracts	-	11,851
	<u> </u>	<u> </u>
Maturity of debt:		
	Finance leases 2006 £	Finance leases 2005 £
In one year or less, or on demand	-	4,628
	<u> </u>	<u> </u>
In more than one year but not more than two years	-	4,628
In more than two years but not more than five years	-	7,223
	<u> </u>	<u> </u>
	-	11,851
	<u> </u>	<u> </u>

The bank overdraft and invoice discounting creditor are secured by a fixed and floating charge over the company's assets

14 Share capital

	2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	2005 £
100,000 Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Contingent liabilities

The company has guaranteed the bank debts of fellow group undertakings who in turn have cross guaranteed the bank debt of the other group undertakings. At 30 September 2006 the total bank debts covered by these guarantees amounted to £2,229,654 (2005 - £1,363,510)

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £2,270 (2005 - £2,741). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Commitments under operating leases

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

	2006	2006	2005	2005
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Operating leases which expire				
Within one year	174,000	1,169	174,000	6,525
In two to five years	-	19,556	-	23,273
	174,000	20,725	174,000	29,798

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Sunnflair Holdings Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements

Loans and transactions concerning directors and officers of the company

	Owed to the	Maximum
	company	outstanding
S D Lawless	304,212	304,212
R A Lawless	255,692	255,692
R O Lawless	280,355	280,355
2005		
S D Lawless	-	4,848
R A Lawless	-	528
R O Lawless	-	5,206

The above loans in addition to any subsequent additional amounts were released on 31 May 2007, as per note 19.

Sunnflair Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

19 Post balance sheet events

The company made an award to the following directors in the form of a release of their respective overdrawn loan accounts in respect of their services to the company

S D Lawless	£320,212
R A Lawless	£255,692
R O Lawless	£280,355

The company agreed that bonuses for the year ended 30 September 2006 and 30 September 2007 would be delivered by way of a formal release of the loan account of each director. The release was made on 31 May 2007.

20 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Sunnflair Holdings Limited which is the ultimate parent company, incorporated in England.

The largest and smallest group in which the results of the company are consolidated is that headed by Sunnflair Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

21 Reserves

	Profit and loss account £
At 1 October 2005 as previously stated	1,856,950
Prior year adjustment(Note 2)	(298,522)
	<hr/>
At 1 October 2005 as restated	1,558,428
Loss for the year	(410,495)
	<hr/>
At 30 September 2006	1,147,933
	<hr/>

Sunnflair Limited**Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)**

22 Reconciliation of movements in shareholders' funds

	2006	2005
	£	As restated £
(Loss)/profit for the year	(410,495)	178,018
	<hr/>	<hr/>
Opening shareholders' funds as previously stated	1,956,950	1,480,410
Prior year adjustment - (Note 2)	(298,522)	-
	<hr/>	<hr/>
Opening shareholders' funds as restated	1,658,428	1,480,410
	<hr/>	<hr/>
Closing shareholders' funds	1,247,933	1,658,428
	<hr/>	<hr/>