REGISTRAR'S COPY

Sunnflair Limited

Report and Financial Statements

Year Ended

30 September 2007

BDO Stoy Hayward
Chartered Accountants

WEDNESDAY

A6H381NW
A08 23/07/2008 138
COMPANIES HOUSE

Contents

Page:

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

Sunnflair Limited

Report of the directors for the year ended 30 September 2007

The directors present their report together with the audited financial statements for the year ended 30 September 2007

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, review of business and future developments

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

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 profit and loss account is set out on page 7 and shows turnover for the year of £8,593,730 (2006 £10,150,501) and a loss for the year of £27,378 (2006 £410,495)

Turnover has decreased by 15% and based upon the first half results and orders in the pipeline the directors believe that difficult trading conditions will continue in 2008

Sales in mainland Europe were £141,517 an increase of 1% Further details of turnover by geographical segment are given in note 3 to the accounts

Trading margins were maintained during the year despite the difficult trading conditions The loss for the year before tax decreased by £459,994 to £27,378 despite the fall in turnover The directors are confident that the results of the company will continue to improve

The directors continue to maintain tight control over costs and remain confident that further improvements will be made to the operating performance

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 18)

During 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

Financial instruments

Details of the use of financial instruments by the company are contained in note 2 of the financial statements

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company

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 Dollar from China and is therefore exposed to movements in the Dollar to sterling exchange rate The directors monitor movements in the exchange rate and take out forward contracts to reduce any risk of exposure

The main financial risk arising from the company's activities is credit risk which 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

Another financial risk facing the company is foreign exchange rate risk The company has used a dual currency deposit account to hedge this risk in 2007, the repayment terms of which are affected by the exchange rate ruling at the maturity date

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
S D Lawless (resigned 26 May 2007)

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

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 17/7/08

To the shareholder of Sunnflair Limited

We have audited the financial statements of Sunnflair Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet 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

Basis of audit opinion (continued)

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 opening purchase ledger at 1 October 2007 and certain payments made in the current year were considered to be inadequate and in some respects incomplete, such that we were unable to obtain satisfactory and appropriate evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements

Any adjustments to the opening balances will have an effect on the profit for the year ended 30 September 2007 and a corresponding effect on the reported loss and net assets for the year ended 30 September 2006

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 the comparative figures and subsequent opening trade creditors and related payments for the year ended 30 September 2007, 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 2007 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 the comparative figures and subsequent opening trade creditors and related payments for the year ended 30 September 2007

- 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 have been maintained

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

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Chelmsford

Date 17/7/08

Sunnflair Limited

Profit and loss account for the year ended 30 September 2007

	Note	2007 £	2006 £
Turnover	3	**8,593,730**	10,150,501
Cost of sales		**5,835,308**	6,860,614
Gross profit		**2,758,422**	3,289,887
Distribution costs		**672,582**	751,191
Administrative expenses		**2,022,279**	2,956,157
Operating profit/(loss)	4	**63,561**	(417,461)
Other interest receivable and similar income		**4,356**	68
Interest payable and similar charges	7	**(95,295)**	(69,979)
Loss on ordinary activities before taxation		**(27,378)**	(487,372)
Taxation on loss on ordinary activities	8	-	76,877
Loss on ordinary activities after taxation		**(27,378)**	(410,495)

All amounts relate to continuing activities
All recognised gains and losses in the current and prior year are included in the profit and loss account
There are no movements in shareholders' funds in the current and prior year apart from the loss for the year

The notes on pages 8 to 17 form part of these financial statements

Balance sheet at 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	9		33,492		36,138
Current assets					
Stocks	10	1,313,594		1,527,467	
Debtors	11	1,470,041		2,683,971	
Cash at bank and in hand		1,619,766		30,959	
		4,403,401		4,242,397	
Creditors: amounts falling due within one year	12	3,209,841		3,030,602	
Net current assets			1,193,560		1,211,795
Total assets less current liabilities			1,227,052		1,247,933
Creditors: amounts falling due after more than one year	13		6,497		-
			1,220,555		1,247,933
Capital and reserves					
Called up share capital	14		100,000		100,000
Profit and loss account	20		1,120,555		1,147,933
Shareholder's funds			1,220,555		1,247,933

The financial statements were approved by the board of directors and authorised for issue on 17/7/08

R O Lawless
Director

R A Lawless
Director

The notes on pages 8 to 17 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

In preparing these financial statements the company has adopted early the provisions of Financial Reporting Standard 29 'Financial instruments disclosures'

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, 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

Employee benefit trust

The company has established trusts for the benefit of employees and certain of their dependants Monies held in these trusts are held by independent trustees and managed at their discretion

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate

2 Financial instruments

During the year Sunnflair Limited entered into a dual currency deposit derivative A dual currency deposit is a structured deposit It is denominated in a base currency, in this case Sterling The interest rate is fixed and is always higher than a traditional money market instrument in the same base currency The principle plus interest is paid back in either the base or secondary currency, (US Dollars in this case), depending on the exchange rate between the currencies at expiry relative to the predetermined strike price By setting the strike price, the depositor determines the interest rate and defines their level of risk exposure

During the year £1,300,000 was deposited until 31 October 2007 at an enhanced yield of 7 6% Upon expiry the principle plus interest will be repaid in the base currency if the spot rate is trading at or below US$2 03 and in the secondary currency if the spot rate is trading at above US$2 03

3 Turnover

	2007 £	2006 £
Analysis by geographical market		
United Kingdom	**8,452,213**	10,010,255
Europe	**141,517**	140,246
	8,593,730	10,150,501

Turnover is wholly attributable to the principal activity of the company

4 Operating profit/(loss)

	2007 £	2006 £
This is arrived at after charging		
Depreciation of tangible fixed assets	**32,182**	36,261
Hire of plant and machinery - operating leases	**19,943**	26,959
Hire of other assets - operating leases	**174,000**	174,000
Auditors' remuneration	**76,550**	80,500

5 Employees

Staff costs (including directors) consist of

	2007 £	2006 £
Wages and salaries	**1,010,898**	1,536,875
Social security costs	**74,061**	184,828
Other pension costs	**1,739**	2,270
	1,086,698	1,723,973

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

	2007 Number	2006 Number
Sales and administration	**18**	18
Distribution	**13**	13
	31	31

6 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	**349,070**	975,151
Compensation for loss of office	-	15,000

The total amount payable to the highest paid director in respect of emoluments was £172,010 (2006 - £295,530)

7 Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	**92,895**	64,119
Finance leases and hire purchase contracts	**2,400**	699
Corporation tax interest	-	5,161
	95,295	69,979

8 Taxation on loss on ordinary activities

	2007 £	2006 £
UK Corporation tax		
Adjustment in respect of previous periods	-	(76,877)

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

	2007 £	2006 £
Loss on ordinary activities before tax	**(27,378)**	(487,372)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2006 - 30%)	**(5,202)**	(146,212)
Effect of		
Expenses not deductible for tax purposes	**1,645**	-
Depreciation for period in excess of capital allowances	**1,027**	3,344
Adjustment to tax charge in respect of previous periods	-	(204,815)
Losses carried back	-	205,014
Losses group relieved	**2,530**	45,417
Losses carried forward	-	20,375
Current tax (credit)/charge for period	-	(76,877)

The company had a potential deferred tax asset at 30 September 2007 of £73,006, relating to tax losses carried forward This asset has not been recognised due to the uncertainty of future trading profits There was no unprovided deferred tax liability in either year

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 October 2006	349,808	129,296	479,104
Additions	5,598	23,938	29,536
At 30 September 2007	**355,406**	**153,234**	**508,640**
Depreciation			
At 1 October 2006	325,527	117,439	442,966
Provided for the year	19,586	12,596	32,182
At 30 September 2007	**345,113**	**130,035**	**475,148**
Net book value			
At 30 September 2007	**10,293**	**23,199**	**33,492**
At 30 September 2006	24,281	11,857	36,138

The net book value of tangible fixed assets includes an amount of £17,954 (2006 - £NIL) in respect of assets held under finance leases and hire purchase contracts The related depreciation charge on these assets for the year was £5,985 (2006 - £NIL)

10 Stocks

	2007 £	2006 £
Finished goods and goods for resale	**1,313,594**	1,481,168
Goods in transit	-	46,299
	1,313,594	1,527,467

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

11 Debtors

	2007 £	2006 £
Trade debtors	**1,176,699**	1,199,853
Amounts owed by group undertakings	**-**	309,495
Directors' loan accounts	**-**	840,259
Corporation tax recoverable	**280,655**	321,455
Other debtors	**6,793**	6,794
Prepayments and accrued income	**5,894**	6,115
	1,470,041	2,683,971

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

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts (secured)	**1,242,921**	1,191,610
Trade creditors	**57,861**	9,982
Amounts owed to group undertakings	**762,620**	-
Taxation and social security	**42,556**	115,134
Obligations under finance lease and hire purchase contracts	**7,679**	-
Invoice discounting creditor (secured)	**624,594**	678,926
Other creditors	**16,803**	33,259
Accruals and deferred income	**454,807**	1,001,691
	3,209,841	3,030,602

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

	2007	2006
	£	£
Obligations under finance lease and hire purchase contracts	6,497	-

Maturity of debt

	Finance leases 2007	Finance leases 2006
	£	£
In one year or less, or on demand	7,679	-
In more than one year but not more than two years	6,497	-

14 Share capital

	Authorised 2007	Authorised 2006	Allotted, called up and fully paid 2007	Allotted, called up and fully paid 2006
	£	£	£	£
100,000 Ordinary shares of £1 each	100,000	100,000	100,000	100,000

15 Contingent liabilities

The company has guaranteed the bank debts of fellow group undertakings who in turn have cross guaranteed the bank debt of Sunnflair Limited At 30 September 2007 the total bank debts covered by these guarantees amounted to £1,725,658 (2006 - £2,229,654)

As disclosed in these financial statements, the company has made use of an Employee Benefit Trust to reward and motivate employees in a tax-efficient way for the company The directors are confident that the £300,000 payment made is fully allowable for corporation tax purposes and the tax charge in these financial statements has been calculated on that basis

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 £1,739 (2006 - £2,270) 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

	2007 Land and buildings £	2007 Other £	2006 Land and buildings £	2006 Other £
Operating leases which expire				
Within one year	**174,000**	**10,387**	174,000	1,169
In two to five years	**-**	**4,262**	-	19,556
	174,000	**14,649**	174,000	20,725

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 company	Maximum outstanding
2007		
S D Lawless	-	348,069
R A Lawless	-	255,836
R O Lawless	-	280,355
2006		
S D Lawless	304,212	304,212
R A Lawless	255,692	255,692
R O Lawless	280,355	280,355

The company made an award to the following directors in the form of a release of their respective overdrawn loan accounts as at 30 September 2006 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

19 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Sunnflair Holdings Limited which is the ultimate parent company

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

20 Reserves

	Profit and loss account £
At 1 October 2006	1,147,933
Loss for the year	(27,378)
At 30 September 2007	**1,120,555**