



Accountants &  
business advisers

## MAINLINE MARKETING UK LIMITED

(Company Number: 1738276)

ANNUAL REPORT

YEAR ENDED 31 JULY 2006

REGISTRARS COPY

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**MAINLINE MARKETING UK LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	P Rutter V G Rutter J A Rutter R E Rutter
<b>Secretary</b>	P Rutter
<b>Company number</b>	1738276
<b>Registered office</b>	Coleford House 300 Coleford Road Sheffield S9 5PH
<b>Auditors</b>	PKF (UK) LLP Knowle House 4 Norfolk Park Road Sheffield S2 3QE
<b>Bankers</b>	National Westminster Bank Plc Sheffield
<b>Solicitors</b>	Norrie Waite & Slater Sheffield

# MAINLINE MARKETING UK LIMITED

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## MAINLINE MARKETING UK LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2006

The directors present their report and the financial statements for the year ended 31 July 2006.

#### Statement of 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### Principal activities

The principal activity of the company during the year was the retailing and wholesaling of toiletries and cosmetics.

#### Directors

The directors who served during the year and their interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	31/7/06	1/8/05
P Rutter	841	841
V G Rutter	42,001	42,001
J A Rutter	20,580	20,580
R E Rutter	20,580	20,580

Under the Articles of Association the directors are not required to retire by rotation.

#### Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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

This report was approved by the board on 4<sup>th</sup> DECEMBER 2006 and signed on its behalf.

P Rutter  
Secretary

## **MAINLINE MARKETING UK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINLINE MARKETING UK LIMITED**

We have audited the financial statements of Mainline Marketing UK Limited for the year ended 31 July 2006 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and 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. 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

#### **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.

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.

MAINLINE MARKETING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINLINE MARKETING UK LIMITED

Opinion

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 31 July 2006 and of its profit 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.

PKF(UK)LLP

PKF (UK) LLP

Registered auditors

Sheffield, UK

Date: 6/12/06

**MAINLINE MARKETING UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2006**

	Note	2006 £	2005 £
<b>TURNOVER</b>	1,2	<b>4,370,175</b>	4,775,767
Cost of sales		<u>(3,315,352)</u>	<u>(3,576,950)</u>
<b>GROSS PROFIT</b>		<b>1,054,823</b>	1,198,817
Selling and distribution costs		<b>(374,633)</b>	(378,077)
Administrative expenses		<b>(400,104)</b>	(392,167)
Other operating income	3	<u>17,207</u>	<u>20,477</u>
<b>OPERATING PROFIT</b>	4	<b>297,293</b>	449,050
Interest receivable		<b>12,644</b>	11,548
Interest payable		<u>(41,574)</u>	<u>(11,774)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>268,363</b>	448,824
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<u>(41,063)</u>	<u>(112,337)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<u><b>227,300</b></u>	<u><b>336,487</b></u>

The notes on pages 6 to 12 form part of these financial statements.

Details of dividends paid are shown in note 14.

# MAINLINE MARKETING UK LIMITED

## BALANCE SHEET AS AT 31 JULY 2006

	Note	£	2006 £	£	2005 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		1,152,898		1,062,495
<b>CURRENT ASSETS</b>					
Stocks		504,990		487,428	
Debtors	8	632,195		737,746	
Cash at bank		57,935		28,563	
		<u>1,195,120</u>		<u>1,253,737</u>	
<b>CREDITORS:</b> amounts falling due within one year	9	(672,375)		(473,175)	
<b>NET CURRENT ASSETS</b>			<u>522,745</u>		<u>780,562</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,675,643</u>		<u>1,843,057</u>
<b>CREDITORS:</b> amounts falling due after more than one year	10		(453,174)		(450,000)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	11		(27,226)		(38,639)
<b>NET ASSETS</b>			<u>1,195,243</u>		<u>1,354,418</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		84,002		84,002
Revaluation reserve	13		99,417		99,417
Profit and loss account	13		1,011,824		1,170,999
<b>SHAREHOLDERS' FUNDS</b>			<u>1,195,243</u>		<u>1,354,418</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 December 2006.

P Rutter  
Director

The notes on pages 6 to 12 form part of these financial statements.

## MAINLINE MARKETING UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%	straight line
Short leasehold property	-	4%	straight line
Plant & machinery	-	10%	straight line
Motor vehicles	-	25%	reducing balance
Fixtures & fittings	-	10%	reducing balance

##### 1.4 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# MAINLINE MARKETING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006

### 1. ACCOUNTING POLICIES (continued)

#### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 2. TURNOVER

2.5% of the company's turnover (2005 - 0.4%) is attributable to geographical markets outside the United Kingdom.

### 3. OTHER OPERATING INCOME

	2006 £	2005 £
Rent received	<u>17,207</u>	<u>20,477</u>

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets:		
- owned by the company	44,504	31,851
- held under finance leases	6,242	-
Auditors' remuneration	<u>6,250</u>	<u>6,000</u>

MAINLINE MARKETING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2006

5. DIRECTORS' REMUNERATION

	2006 £	2005 £
Aggregate emoluments	<u>21,838</u>	<u>23,401</u>

The number of directors accruing benefits under pension schemes were:

	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6. TAXATION

	2006 £	2005 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profits of the year	55,309	92,380
Adjustments in respect of prior periods	(2,833)	-
<b>Total current tax</b>	<u>52,476</u>	<u>92,380</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,413	19,957
<b>Tax on profit on ordinary activities</b>	<u>41,063</u>	<u>112,337</u>

MAINLINE MARKETING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2006

7. TANGIBLE FIXED ASSETS

	Freehold property £	Short Leasehold Properties £	Plant & machinery etc. £	Total £
<b>Cost or valuation</b>				
At 1 August 2005	848,562	141,572	351,746	1,341,880
Additions	110,512	1,610	41,689	153,811
Disposals	-	(15,434)	(3,412)	(18,846)
At 31 July 2006	<u>959,074</u>	<u>127,748</u>	<u>390,023</u>	<u>1,476,845</u>
<b>Depreciation</b>				
At 1 August 2005	3,743	77,661	197,981	279,385
Charge for the year	19,181	5,110	26,455	50,746
On disposals	-	(4,929)	(1,255)	(6,184)
At 31 July 2006	<u>22,924</u>	<u>77,842</u>	<u>223,181</u>	<u>323,947</u>
<b>Net book value</b>				
At 31 July 2006	<u>936,150</u>	<u>49,906</u>	<u>166,842</u>	<u>1,152,898</u>
At 31 July 2005	<u>844,819</u>	<u>63,911</u>	<u>153,765</u>	<u>1,062,495</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2006 £	2005 £
Motor vehicles	<u>18,725</u>	<u>-</u>

# MAINLINE MARKETING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006

Cost or valuation at 31 July 2006 is as follows:

	Freehold property £
<b>At cost</b>	<b>832,074</b>
<b>At valuation:</b>	
31 July 2004 on market value basis.	127,000
	<b>959,074</b>

If the freehold properties had been sold at this value there would have been a maximum liability to corporation tax amounting to approximately £10,022.

If the freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2006 £	2005 £
Cost	924,737	814,225
Accumulated depreciation	(55,500)	(37,006)
Net book value	<b>869,237</b>	<b>777,219</b>

### 8. DEBTORS

	2006 £	2005 £
Trade debtors	614,309	717,170
Other debtors	17,886	20,576
	<b>632,195</b>	<b>737,746</b>

### 9. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	188,092	-
Net obligations under finance leases and hire purchase contracts	12,141	-
Trade creditors	349,145	299,648
Corporation tax	55,309	92,380
Social security and other taxes	55,843	48,411
Other creditors	11,845	32,736
	<b>672,375</b>	<b>473,175</b>

# MAINLINE MARKETING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006

### 10. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans	450,000	450,000
Net obligations under finance leases and hire purchase contracts	3,174	-
	<u>453,174</u>	<u>450,000</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2006 £	2005 £
Bank loans	<u>317,451</u>	<u>357,467</u>

Amounts included under bank loans are secured by a first legal charge over the freehold property owned by the company. Bank loans are repayable by monthly instalments.

Finance leases and hire purchase creditors are secured on the assets concerned.

### 11. DEFERRED TAXATION

	2006 £	2005 £
At 1 August 2005	38,639	18,682
(Released during)/charge for the year	(11,413)	19,957
	<u>27,226</u>	<u>38,639</u>

The provision for deferred taxation is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>27,226</u>	<u>38,639</u>

### 12. SHARE CAPITAL

	2006 £	2005 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
84,002 Ordinary shares of £1 each	<u>84,002</u>	<u>84,002</u>

# MAINLINE MARKETING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006

### 13. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 August 2005	99,417	1,170,999
Profit retained for the year		227,300
Dividends: Equity capital		(386,475)
At 31 July 2006	<u>99,417</u>	<u>1,011,824</u>

### 14. DIVIDENDS

	2006 £	2005 £
Balance of dividends paid on equity capital	<u>386,475</u>	<u>370,836</u>

### 15. OPERATING LEASE COMMITMENTS

At 31 July 2006 the company had annual commitments under non-cancellable operating leases as follows:

	2006 £	2005 £
<b>Expiry date:</b>		
Within 1 year	10,950	-
Between 2 and 5 years	-	10,950
After more than 5 years	<u>17,500</u>	<u>-</u>

### 16. RELATED PARTY TRANSACTIONS

The company rents certain properties from P and V G Rutter, who are directors and shareholders of the company. During the period the company paid rentals on these properties amounting to £33,000 (2005 : £46,000).

During the year the company also rented a temporary office from J A Rutter, who is a director and a shareholder of the company, amounting to £3,795 (2005: Nil).

Included in other creditors are the following amounts due to directors:

P & V G Rutter - £NIL (2005: £2,958).

R E Rutter - £NIL (2005: £6).

J A Rutter - £483 (2005: £21,080).