

REGISTRAR OF COMPANIES

**Powell
Mail
Order
Limited**

Annual Report and Accounts

31 December 2000



Buzzacott

Company Registration Number
2868348 (England and Wales)

Directors	G Gayer F Vogel S Mendham
Secretary	Legist Secretaries Limited
Registered office	Senator House 85 Queen Victoria Street London EC4V 4JL
Registered number	2868348 (England and Wales)
Auditors	Buzzacott 12 New Fetter Lane London EC4A 1AG
Solicitors	Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL
Bankers	HSBC Bank plc 1 Station Road Llanelli Carmarthenshire SA15 1AE

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part of the statutory accounts:

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Directors' report 31 December 2000

The directors present their report with the accounts of the company for the year ended 31 December 2000.

Principal activity

The principal activity of the company in the year under review was the supply by mail order of equipment for use in factories and industrial premises.

Review of business

A summary of the results of the year's trading is given on page 4 of the accounts. Trading conditions improved over 1999 and the directors are pleased to report a satisfactory result with profit before taxation of £665,235 (1999 - £236,008).

The company is a wholly owned subsidiary of Kaiser + Kraft Europa GmbH. The ultimate parent company is Franz Haniel & Cie GmbH.

Future developments

The directors expect a small increase in the level of business in 2001.

Dividends

The directors do not recommend a final dividend. (1999 - £nil). An interim dividend of £200,023 was paid on 10 July 2000 (1999 - £400,045).

Euro

The impact of the Euro is being considered in the context of the requirements of customers and suppliers, including overseas group companies.

Directors

The directors in office during the year were as follows:

E S Mason	Resigned 7 February 2000
S Mendham	Appointed 1 January 2000
G J Gayer	
F Vogel	

None of the directors at 31 December 2000 held shares in the company, or in any other company in the group incorporated in Great Britain, at either 31 December 2000, 31 December 1999, or if appointed during the year, at the date of appointment.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts 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 accounts 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

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

Signed on behalf of the board of directors:


Director



Approved by the board on: 9. 3. 01

Auditors' report to the shareholders of Powell Mail Order Limited

We have audited the accounts on pages 4 to 11 which have been prepared in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

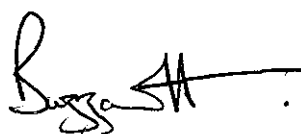
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

19 March 2001

Profit and loss account Year to 31 December 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Turnover	1		4,572,641		3,708,056
Change in stock of finished goods			5,111		(6,260)
			<u>4,577,752</u>		<u>3,701,796</u>
Other net operating income			12,872		8,645
			<u>4,590,624</u>		<u>3,710,441</u>
Goods for resale		2,829,183		2,277,188	
Other external charges		<u>259,241</u>		<u>239,818</u>	
			<u>3,088,424</u>		<u>2,517,006</u>
Gross profit			<u>1,502,200</u>		<u>1,193,435</u>
Staff costs	3				
Salaries		274,435		394,208	
Social security costs		25,737		29,449	
Other pension costs		<u>9,096</u>		<u>13,915</u>	
			309,268		437,572
Depreciation of tangible fixed assets		22,543		27,308	
Other operating charges		<u>522,977</u>		<u>513,814</u>	
			<u>545,520</u>		<u>541,122</u>
Operating profit	2		<u>647,412</u>		<u>214,741</u>
Interest receivable and similar income	4		17,823		21,267
Profit on ordinary activities before taxation			<u>665,235</u>		<u>236,008</u>
Taxation on profit on ordinary activities	6		<u>212,258</u>		<u>69,605</u>
Profit after taxation			<u>452,977</u>		<u>166,403</u>
Interim dividend paid (£11.54 per share)			200,023		400,045
Retained profit (loss) for the financial year			<u>252,954</u>		<u>(233,642)</u>

None of the company's activities were acquired or permanently discontinued during the above two financial periods.

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet 31 December 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		21,886		38,974
Current assets					
Stocks		49,284		45,473	
Debtors	8	1,250,257		759,407	
Cash at bank and in hand		3,363		14,068	
		<u>1,302,904</u>		<u>818,948</u>	
Creditors: amounts falling due within one year	9	(504,627)		(290,713)	
Net current assets			798,277		528,235
Total assets less current liabilities			820,163		567,209
Capital and reserves					
Equity interests:					
Called up share capital	10		17,333		17,333
Share premium account	11		98,467		98,467
Profit and loss account	12		704,363		451,409
Shareholders' funds	15		820,163		567,209

Signed on behalf of the board of directors by:



 Director

Approved by the board on: 9. 3. 01

Principal accounting policies 31 December 2000

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Turnover

Turnover consists of sales of goods at invoiced value excluding VAT.

Tangible fixed assets

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

◆ Leasehold improvements	Straight line over the life of the lease
◆ Plant and machinery	25% straight line
◆ Fixtures and fittings	15% straight line
◆ Motor vehicles	25% straight line
◆ Computer equipment	33.33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is computed using the first in, first out method.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight line basis over the period of the lease.

Pension costs

Contributions in respect of the company's defined contribution schemes are charged to the profit and loss account as incurred.

Notes to the accounts 31 December 2000

1 Turnover

Turnover and the result before taxation arise solely from the company's principal activity. Turnover attributable to geographical markets outside the United Kingdom amounted to £60,697 (1999 - £46,767).

2 Operating profit

	2000 £	1999 £
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	22,543	27,308
Loss (profit) on disposal of tangible fixed assets	(70)	1,852
	<u>22,473</u>	<u>29,160</u>
Auditors' remuneration		
. Audit fees	13,500	12,904
. Other fees	1,546	1,500
Operating lease costs in respect of land and buildings	29,000	29,000
Other operating lease costs	<u>4,132</u>	<u>—</u>

3 Staff costs

The average monthly number of office and management employees during the year was 21 (1999 - 23).

4 Interest receivable and similar income

	2000 £	1999 £
Bank Interest	7,015	8,114
Interest receivable from group companies	10,579	12,981
Sundry other interest	229	172
	<u>17,823</u>	<u>21,267</u>

5 Directors' remuneration

	2000 £	1999 £
Emoluments for services as directors	41,758	57,042
Pension scheme contributions	1,800	5,584
Compensation for loss of office	—	60,000
	<u>43,558</u>	<u>122,626</u>

Retirement benefits were accruing to one director, (1999 - one) under the money purchase scheme.

6 Taxation

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

	2000 £	1999 £
Corporation tax at 30% (1999 - 30.25%) based on the adjusted results of the year	199,570	71,238
Corporation tax adjustment in respect of prior years	12,688	(1,633)
	212,258	69,605

7 Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery etc. £	Total £
Cost			
At 1 January 2000	61,813	171,727	233,540
Additions	—	5,709	5,709
Disposals	—	(21,345)	(21,345)
At 31 December 2000	61,813	156,091	217,904
Depreciation			
At 1 January 2000	61,813	132,752	194,565
Disposals	—	(21,090)	(21,090)
Charge for year	—	22,543	22,543
At 31 December 2000	61,813	134,205	196,018
Net book values			
At 31 December 2000	—	21,886	21,886
At 31 December 1999	—	38,974	38,974

8 Debtors

	2000 £	1999 £
Trade debtors	774,837	540,177
Amounts owed by group undertakings		
. Loan to Kaiser + Kraft Europa GmbH	456,700	200,849
. Kaiser + Kraft Limited	795	—
Other debtors	600	2,100
Prepayments	17,325	16,281
	1,250,257	759,407

The loan to Kaiser + Kraft Europa GmbH plus accrued interest, is repayable within one month of the year end. The repayment terms may, however, be extended at the discretion of Powell Mail Order Limited.

Kaiser + Kraft Europa GmbH is the immediate holding company of Powell Mail Order Limited. The loan bears interest at 6.00% (1999 – 6.20%) per annum.

9 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	231,481	38,074
Amounts owed to group undertakings		
. Kaiser + Kraft Europa GmbH	2,406	1,917
Social security and other taxes	73,127	56,742
Other creditors	6,000	6,000
Corporation tax	138,528	42,144
Accruals	53,085	145,836
	504,627	290,713

The bank has a charge over the assets of the company to cover the overdraft facility.

10 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000		
17,333 Ordinary shares of £1 each			17,333	17,333

Notes to the accounts 31 December 2000

11 Share premium account

	2000 £	1999 £
At 1 January 2000 and 31 December 2000	98,467	98,467

12 Profit and loss account

	2000 £	1999 £
Retained profits at 1 January 2000	451,409	685,051
Retained profit/(loss) for the financial year	252,954	(233,642)
Retained profits at 31 December 2000	704,363	451,409

13 Pension commitments

The company makes contributions to defined contributions schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable by the company for the period amounted to £9,096 (1999 - £13,915). The amount due to the pension scheme at the year end was £nil (1999 - £nil).

14 Leasing commitments

Operating leases

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other operating leases	
	2000 £	1999 £	2000 £	1999 £
Operating leases which expire:				
Within one to two years	29,000	—	—	—
Within two to five years	—	29,000	5,257	—

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Equity Funds		
Profit for the financial year after taxation	452,977	166,403
Interim dividend paid	(200,023)	(400,045)
	252,954	(233,642)
Opening shareholders' funds at 1 January 2000	567,209	800,851
Closing shareholders' funds at 31 December 2000	820,163	567,209

16 Related party transactions and control

The accounts do not include disclosure of transactions between Powell Mail Order Limited and entities that are part of the Franz Haniel & Cie GmbH group. This is because as a subsidiary whose shares are more than 90% controlled within the group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 "Related Party Disclosures".

17 Ultimate and immediate parent company

The immediate controlling party in the two years ended 31 December 2000 was Kaiser + Kraft Europa GmbH.

The ultimate parent company is Franz Haniel & Cie GmbH, a company incorporated in the Federal Republic of Germany. Franz Haniel & Cie GmbH is controlled by members of the Haniel family.

The largest group in which the results of the company are consolidated is that headed by Franz Haniel & Cie GmbH. The consolidated accounts, which are available to the public, may be obtained from D-47118 Duisburg, Federal Republic of Germany.