
ADMAIL 4 INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2003



ADMAIL 4 INTERNATIONAL LIMITED

COMPANY INFORMATION

| | |
|--------------------------|------------------------------------------------------------------------------------------------------------------------|
| DIRECTORS | R A Keable A R Fryer |
| SECRETARY | R A Keable |
| COMPANY NUMBER | 4268045 |
| REGISTERED OFFICE | Leytonstone House Leytonstone London E11 1HR |
| AUDITORS | Barnes Roffe LLP Chartered Accountants Registered Auditors Leytonstone House Leytonstone London E11 1HR |

DIRECTORS' REPORT
For the year ended 31 July 2003

The directors present their report and the financial statements for the year ended 31 July 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- 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.

PRINCIPAL ACTIVITY

The principal activity of the company is that of mailing, response fulfilment, database management and contract packing.

DIRECTORS

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

| | Ordinary shares of £1 each | |
|---------------------------------|-------------------------------|---------------|
| | <u>31/7/03</u> | <u>1/8/02</u> |
| R A Keable | 25 | 25 |
| M W Rowat (resigned 01/10/2003) | 25 | 25 |
| A R Fryer | 25 | 25 |
| M Morris (resigned 06/06/2003) | - | - |

AUDITORS

Barnes Roffe resigned as auditors and Barnes Roffe LLP were appointed. Barnes Roffe LLP will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

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 2/6/04

and signed on its behalf.



R A Keable
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ADMAIL 4 INTERNATIONAL LIMITED

We have audited the financial statements of Admail 4 International Limited for the year ended 31 July 2003 set out on pages 3 to 9. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on pages 5 to 6.

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 auditor's 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 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 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 of the state of the company's affairs as at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Barnes Roffe LLP

Barnes Roffe LLP

Chartered Accountants
Registered Auditors
Leytonstone House
Leytonstone
London E11 1HR

3/6/04

ADMAIL 4 INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 July 2003

| | Note | Year ended 31 July 2003 £ | Period ended 31 July 2002 £ |
|------------------------------------------------------|-------------|----------------------------------------------|------------------------------------------------|
| TURNOVER | 1 | 1,804,556 | 1,278,102 |
| Cost of sales | | <u>(710,918)</u> | <u>(527,032)</u> |
| GROSS PROFIT | | 1,093,638 | 751,070 |
| Administrative expenses | | <u>(1,077,309)</u> | <u>(722,208)</u> |
| OPERATING PROFIT | 2 | 16,329 | 28,862 |
| Interest receivable and similar income | | 156 | 101 |
| Interest payable and similar charges | | <u>(11,285)</u> | <u>(3,870)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 5,200 | 25,093 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 3 | <u>5,502</u> | <u>(12,599)</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 10,702 | 12,494 |
| RETAINED PROFIT BROUGHT FORWARD | | <u>12,494</u> | <u>-</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u><u>£ 23,196</u></u> | <u><u>£ 12,494</u></u> |

The notes on pages 5 to 9 form part of these financial statements.

ADMAIL 4 INTERNATIONAL LIMITED

**BALANCE SHEET
As at 31 July 2003**

| | | 31 July 2003 | | 31 July 2002 | |
|----------------------------------------------------------------|-------------|-------------------------|-----------------|-------------------------|-----------------|
| | Note | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 4 | | 2 | | 2 |
| Tangible assets | 5 | | 184,063 | | 178,482 |
| | | | <u>184,065</u> | | <u>178,484</u> |
| CURRENT ASSETS | | | | | |
| Stocks | | 6,345 | | 14,233 | |
| Debtors | 6 | 346,222 | | 354,826 | |
| Cash at bank and in hand | | 5,417 | | 26,928 | |
| | | <u>357,984</u> | | <u>395,987</u> | |
| CREDITORS: amounts falling due within one year | 7 | <u>(408,800)</u> | | <u>(383,228)</u> | |
| NET CURRENT (LIABILITIES)/ASSETS | | | <u>(50,816)</u> | | <u>12,759</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>133,249</u> | | <u>191,243</u> |
| CREDITORS: amounts falling due after more than one year | 8 | | (102,881) | | (166,075) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Deferred taxation | 9 | | (7,097) | | (12,599) |
| NET ASSETS | | | <u>£ 23,271</u> | | <u>£ 12,569</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 75 | | 75 |
| Profit and loss account | | | 23,196 | | 12,494 |
| SHAREHOLDERS' FUNDS | | | <u>£ 23,271</u> | | <u>£ 12,569</u> |

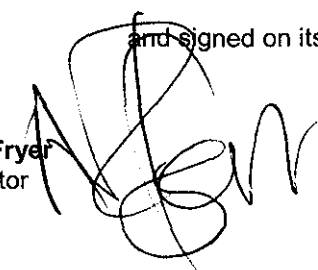
The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 2/6/04 and signed on its behalf.

R A Keable

R A Keable
Director

A R Fryer
Director



The notes on pages 5 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2003

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of value added tax.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life.

1.5 Tangible fixed assets and depreciation

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

| | |
|-----------------------------------|----------------------------------------------|
| Plant and machinery | - 15% reducing balance and 25% straight line |
| Motor vehicles | - 25% reducing balance and 25% straight line |
| Furniture, fittings and equipment | - 15% reducing balance and 33% straight line |

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

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

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2003

1.10 Pensions

The company makes contributions to the personal pension schemes of certain employees and the pension charge of £8,548 (2002 - £5,030) represents the amounts payable by the company in respect of the year.

The assets of the schemes are held separately from those of the company in independently administered funds.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | Year ended 31 July 2003 £ | Period ended 31 July 2002 £ |
|----------------------------------------|----------------------------------------------|------------------------------------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 37,342 | 37,702 |
| - held under hire purchase contracts | 4,500 | 2,492 |
| Auditors' remuneration | 2,250 | 2,250 |
| Operating lease rentals: | | |
| - plant and machinery | 1,301 | - |
| - other operating leases | 131,500 | 98,625 |
| | <u> </u> | <u> </u> |

During the year, no director received any emoluments (2002 - £nil).

3. TAXATION

| | Year ended 31 July 2003 £ | Period ended 31 July 2002 £ |
|------------------------------------------------|----------------------------------------------|------------------------------------------------|
| Deferred tax | | |
| Origination and reversal of timing differences | (5,502) | 12,599 |
| | <u> </u> | <u> </u> |
| Tax on profit on ordinary activities | £ (5,502) | £ 12,599 |
| | <u> </u> | <u> </u> |

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2003

4. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|-----------------------------------|---------------|
| Cost | |
| At 1 August 2002 and 31 July 2003 | <u>2</u> |
| Amortisation | |
| At 1 August 2002 and 31 July 2003 | <u>-</u> |
| Net book value | |
| At 31 July 2003 and 31 July 2002 | <u>£ 2</u> |

5. TANGIBLE FIXED ASSETS

| | Plant and machinery | Motor vehicles | Furniture, fittings and equipment | Total |
|-----------------------|------------------------|-------------------|-----------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 August 2002 | 119,323 | 11,160 | 79,185 | 209,668 |
| Additions | 30,877 | - | 16,546 | 47,423 |
| | <u>150,200</u> | <u>11,160</u> | <u>95,731</u> | <u>257,091</u> |
| At 31 July 2003 | | | | |
| Depreciation | | | | |
| At 1 August 2002 | 13,577 | 2,093 | 15,516 | 31,186 |
| Charge for the year | 19,092 | 2,790 | 19,960 | 41,842 |
| | <u>32,669</u> | <u>4,883</u> | <u>35,476</u> | <u>73,028</u> |
| At 31 July 2003 | | | | |
| Net book value | | | | |
| At 31 July 2003 | <u>£ 117,531</u> | <u>£ 6,277</u> | <u>£ 60,255</u> | <u>£ 184,063</u> |
| At 31 July 2002 | <u>£ 105,746</u> | <u>£ 9,067</u> | <u>£ 63,669</u> | <u>£ 178,482</u> |

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

| | 2003 £ | 2002 £ |
|---------------------|-----------------|-----------------|
| Plant and machinery | 12,300 | 16,800 |
| Motor vehicles | - | 5,592 |
| | <u>£ 12,300</u> | <u>£ 22,392</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2003

6. DEBTORS

| | 2003 £ | 2002 £ |
|----------------------------------|------------------|------------------|
| Due within one year | | |
| Trade debtors | 289,302 | 292,352 |
| Other debtors | 56,920 | 62,402 |
| Called up share capital not paid | - | 72 |
| | <u>£ 346,222</u> | <u>£ 354,826</u> |

Trade debtors include invoice discounted debts of £272,391 (2002 - £124,585).

7. CREDITORS:
Amounts falling due within one year

| | 2003 £ | 2002 £ |
|-----------------------------------------------|------------------|------------------|
| Bank overdrafts | 4,306 | - |
| Net obligations under hire purchase contracts | 6,075 | 10,381 |
| Trade creditors | 181,216 | 130,308 |
| Social security and other taxes | 50,753 | 45,822 |
| Other creditors | 166,450 | 196,717 |
| | <u>£ 408,800</u> | <u>£ 383,228</u> |

Bank overdrafts of £4,306 (2002 - £Nil) are secured by a debenture.

Obligations under hire purchase contracts of £6,075 (2002 - £16,456) are secured on the assets to which they relate.

The company has assigned certain book debts to a confidential invoice discounting company and has a liability to that company of £61,872 (2002 - £70,041). This liability is shown in other creditors. These advances are secured on debts to which they relate.

8. CREDITORS:
Amounts falling due after more than one year

| | 2003 £ | 2002 £ |
|-----------------------------------------------|------------------|------------------|
| Net obligations under hire purchase contracts | - | 6,075 |
| Other creditors | 102,881 | 160,000 |
| | <u>£ 102,881</u> | <u>£ 166,075</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2003

9. DEFERRED TAXATION

| | 2003 £ | 2002 £ |
|---------------------------------------------------|--------------|---------------|
| At 1 August 2002 | 12,599 | 12,599 |
| Released during the year | (5,502) | - |
| | <u>7,097</u> | <u>12,599</u> |
| At 31 July 2003 | £ 7,097 | £ 12,599 |
| The deferred tax provision is made up as follows: | | |
| Accelerated capital allowances | £ 7,097 | £ 12,599 |

10. SHARE CAPITAL

| | 2003 £ | 2002 £ |
|-------------------------------------------|-----------|-----------|
| Authorised | | |
| 50,000 Ordinary shares of £1 each | £ 50,000 | £ 50,000 |
| Allotted, called up and fully paid | | |
| 75 Ordinary shares of £1 each | £ 75 | £ 75 |

11. OPERATING LEASE COMMITMENTS

At 31 July 2003 the company had annual commitments under non-cancellable operating leases as follows:

| | 2003 £ | 2002 £ |
|-----------------------|-----------|-----------|
| Expiry date: | | |
| Between 2 and 5 years | 132,801 | 131,500 |

12. TRANSACTIONS WITH DIRECTORS

During the year, the company made sales of £60,325 (2002 - £50,379) to, and purchases of £160,316 (2002 - £112,541) from Westex Limited. The net amount owed from Westex at the year end was £26,629 (2002 - owed to £12,268).

During the year, the company paid management charges of £42,600 (2002 - £43,750) to Westex Limited.

Included in other creditors is a loan from Westex Limited of £162,881 (2002 - £209,881).

The directors of Westex Limited are also directors of Admail 4 International Limited.

13. RELATED PARTY TRANSACTIONS

The transactions described above under Transactions with Directors are also related party transactions.