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B. S. LEWIS LIMITED

Financial Statements

for the year ended 31st December 2002



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B. S. LEWIS LIMITED

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B. S. LEWIS LIMITED

Company Information

| | |
|-------------------------|--|
| Directors | A.C. LEWIS A.I. LEWIS A.E. LEWIS |
| Secretary | A. C. LEWIS |
| Auditor | J.M. PATTISON 68 WILLOW PARK CRESCENT DUBLIN 11 |
| Business Address | UNIT 10, THE WESTWAY CENTRE BALLYMOUNT AVENUE DUBLIN 12 |
| Bankers | ALLIED IRISH BANKS, MAIN STREET, TALLAGHT, DUBLIN 24. |
| Solicitors | O'HAGAN, WARD & CO., 94 LOWER BAGGOT STREET, DUBLIN 2. |

B. S. LEWIS LIMITED

Directors' Report for the year ended 31st December 2002

The directors present their report and the financial statements for the year ended 31st December 2002.

Principal Activity

The principal activity of the company continues to be importation and wholesale distribution of giftware, pottery, china, and glassware to the retail trade and the company is an exclusive importer and distributor of two of the world's leading brand names of watch, clock, general purpose and specialist batteries.

Results And Dividends

The loss for the year after providing for depreciation and taxation amounted to € (354,654) (2001 - € (177,148)).

Health and Safety of Employees

The company has not yet adopted a safety statement in accordance with the requirements of the Health, Safety & Welfare Act 1989.

Directors and their Interests

Shareholdings of directors who served during the year are as stated below:

| | Ordinary shares | |
|------------|-----------------|--------|
| | 2002 | 2001 |
| A.C. Lewis | 8,060 | 8,060 |
| A.I. Lewis | 32,040 | 32,040 |

There were no changes in shareholdings between 31st December 2002 and the date of signing the financial statements.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 Acts 1963 to 2001. The directors acknowledge their responsibilities under Section 202 of the Companies Act 1990 to keep proper books and records for the company. To this end, they ensure that competent personnel maintain the books and records at unit 10, The Westway Centre, Ballymount Avenue, Dublin 12. 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.

B. S. LEWIS LIMITED

**Directors' Report
for the year ended 31st December 2002**

Auditor

The auditor, J.M. Pattison, has indicated his willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board

A.C. Lewis

)

) Directors

A.I. Lewis

)

Date :29th September 2003

B. S. LEWIS LIMITED

Independent Auditor's Report to the Shareholders of B.S. Lewis Limited

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, or for the opinions I have formed.

I have audited the financial statements of B.S. Lewis Limited for the year ended 31st December 2002 on pages 6 to 14, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Irish Accounting Standards are set out in the Statement of Directors' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards promulgated by the Auditing Practices Board in Ireland.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. I also report to you whether in my opinion proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, I state whether I have obtained all the information and explanations necessary for the purposes of my audit and whether the company's balance sheet is in agreement with the books of account.

I report to the shareholders if, in my opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in my report.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information in the Directors' Report.

Basis of opinion

I conducted my 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 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 whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

B. S. LEWIS LIMITED

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at the 31st December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2001 .

I have obtained all the information and explanations I consider necessary for the purposes of my audit. In my opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In my opinion the information given in the directors' report on page 2 is consistent with the financial statements.

The net assets of the company, as stated in the Balance Sheet on page 7, are more than half of the amount of its called up share capital and, in my opinion, on that basis there did not exist at 31 December 2002 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the company.

68 Willow Park Crescent
Dublin 11.

J.M. PATTISON, C.P.A.
REGISTERED AUDITOR

Date : 29th September 2003

B. S. LEWIS LIMITED

**Profit and Loss Account
for the year ended 31st December 2002**

| | | Continuing operations | |
|---|--------------|------------------------------|-------------|
| | | 2002 | 2001 |
| | Notes | € | € |
| Turnover | | 1,159,611 | 1,155,627 |
| Cost of sales | | (890,883) | (836,271) |
| Gross profit | | 268,728 | 319,356 |
| Administrative expenses | | (580,347) | (478,777) |
| Operating loss | 2 | (311,619) | (159,421) |
| Interest receivable | | - | 1 |
| Interest payable and similar charges | 3 | (14,949) | (17,728) |
| Loss on ordinary activities before taxation | | (326,568) | (177,148) |
| Tax charge | 4 | (28,086) | - |
| Loss after taxation | | (354,654) | (177,148) |
| | | | |
| Statement of total recognised gains and losses | | | |
| Loss on ordinary activities after taxation | | (354,654) | (177,148) |
| Deficit on revaluation of property | | (84,788) | - |
| Total recognised losses relating to the year | | (439,442) | (177,148) |
| | | | |
| Note of historical cost profits and losses | | | |
| Loss on ordinary activities before taxation | | (326,568) | (177,148) |
| Realisation of property revaluation gains | | 460,238 | - |
| Historical cost profit/(loss) on ordinary activities before taxation | | 133,670 | (177,148) |
| Historic cost profit/(loss) retained after taxation | | 105,584 | (177,148) |
| | | | |
| On behalf of the Board | | | |
| A.C. Lewis | |) | |
| | |) Directors | |
| A.I. Lewis | |) | |

B. S. LEWIS LIMITED

**Balance Sheet
as at 31st December 2002**

| | Notes | € | 2002 € | € | 2001 € |
|--|-------|------------------|----------------------|------------------|-----------------------|
| Fixed Assets | | | | | |
| Tangible assets | 5 | | 23,685 | | 684,466 |
| Current Assets | | | | | |
| Stocks | 6 | 163,766 | | 224,327 | |
| Debtors | 7 | 247,231 | | 274,352 | |
| Cash at bank and in hand | | 352,631 | | 18,093 | |
| | | | <u>763,628</u> | | <u>516,772</u> |
| Creditors: amounts falling due within one year | 8 | <u>(755,007)</u> | | <u>(502,595)</u> | |
| Net Current Assets | | | <u>8,621</u> | | <u>14,177</u> |
| Total Assets Less Current Liabilities | | | 32,306 | | 698,643 |
| Creditors: amounts falling due after more than one year | 9 | | <u>(6,183)</u> | | <u>(233,078)</u> |
| Net Assets | | | <u><u>26,123</u></u> | | <u><u>465,565</u></u> |
| Capital and Reserves | | | | | |
| Called up share capital | 10 | | 50,916 | | 50,916 |
| Revaluation reserve | 11 | | - | | 545,026 |
| Profit and loss account | 11 | | <u>(24,793)</u> | | <u>(130,377)</u> |
| Shareholders' Funds | 12 | | <u><u>26,123</u></u> | | <u><u>465,565</u></u> |

On behalf of the Board

A.C. Lewis)
) Directors
A.I. Lewis)

B. S. LEWIS LIMITED

Notes to the Financial Statements for the year ended 31st December 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold premises which were sold during the year.

1.2. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | | |
|-----------------------|---|-------------------|
| Plant and machinery | - | 10% Straight Line |
| Fixtures and fittings | - | 10% Straight Line |
| Motor vehicles | - | 20% Straight Line |
| Computer equipment | - | 20% Straight Line |

1.3. Leasing commitments

Assets obtained under finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

1.4. Stock

Stock is valued at the lower of cost, on a first-in first-out basis, and net realisable value. Net realisable value is expected selling price net of anticipated selling costs.

1.5. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.6. Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Irish pounds at the rates of exchange prevailing at the balance sheet date, except where covered by forward contracts.

1.7. Cash flow statement

The company meets the size criteria for a small company set by the Companies (Amendment) Act, 1986 and therefore, in accordance with FRS 1: Cash flow statements, it has not prepared a cash flow statement.

B. S. LEWIS LIMITED

Notes to the Financial Statements for the year ended 31st December 2002

..... continued

| | | |
|--|-------------------|-------------------|
| 2. Operating loss | 2002 | 2001 |
| | € | € |
| Operating loss is stated after charging: | | |
| Depreciation of tangible fixed assets | 11,951 | 9,698 |
| Directors' fees | 54,900 | 43,896 |
| Other directors' emoluments including pension contributions | 111,838 | 88,291 |
| Auditor's remuneration | 6,900 | 5,800 |
| | <u> </u> | <u> </u> |
| and after crediting: | | |
| Profit on disposal of tangible fixed assets | 1,806 | - |
| | <u> </u> | <u> </u> |
| | | |
| 3. Interest payable and similar charges | 2002 | 2001 |
| | € | € |
| Included in this category is the following: | | |
| On bank loans and overdrafts wholly repayable within five years | 14,604 | 12,254 |
| On all other loans | - | 4,598 |
| Lease finance charges | 345 | 876 |
| | <u> </u> | <u> </u> |
| | 14,949 | 17,728 |
| | <u> </u> | <u> </u> |
| | | |
| 4. Taxation charge | 2002 | 2001 |
| | € | € |
| Corporation tax on realised capital gain | 28,086 | - |
| | <u> </u> | <u> </u> |

B. S. LEWIS LIMITED

**Notes to the Financial Statements
for the year ended 31st December 2002**

..... continued

5. Tangible fixed assets

| | Freehold land and buildings | Plant and machinery | Fixtures and fittings | Motor vehicles | Computer equipment | Total |
|------------------------|--|--------------------------------|--------------------------------------|---------------------------|-------------------------------|--------------|
| | € | € | € | € | € | € |
| Cost/valuation | | | | | | |
| At 1 January 2002 | 673,977 | 6,984 | 26,912 | 8,710 | 48,567 | 765,150 |
| Additions | - | 7,480 | 2,850 | 12,982 | 1,835 | 25,147 |
| Revaluation | (84,788) | - | - | - | - | (84,788) |
| Disposals | (589,189) | (6,984) | - | (8,710) | (13,433) | (618,316) |
| At 31st December 2002 | - | 7,480 | 29,762 | 12,982 | 36,969 | 87,193 |
| Depreciation | | | | | | |
| At 1 January 2002 | - | 6,984 | 23,449 | 8,710 | 41,541 | 80,684 |
| On disposals | - | (6,984) | - | (8,710) | (13,433) | (29,127) |
| Charge for the year | - | 748 | 1,214 | 2,596 | 7,393 | 11,951 |
| At 31st December 2002 | - | 748 | 24,663 | 2,596 | 35,501 | 63,508 |
| Net book values | | | | | | |
| At 31st December 2002 | - | 6,732 | 5,099 | 10,386 | 1,468 | 23,685 |
| At 31 December 2001 | 673,977 | - | 3,463 | - | 7,026 | 684,466 |

Included in tangible fixed assets are assets held under finance leases as follows:

| Asset description | 2002 | | 2001 | |
|--------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Net book value | Depreciation charge | Net book value | Depreciation charge |
| | € | € | € | € |
| Motor vehicles | 10,386 | 2,596 | - | - |

B. S. LEWIS LIMITED

**Notes to the Financial Statements
for the year ended 31st December 2002**

..... continued

| 6. Stocks | 2002 | 2001 |
|--------------------------------|----------------|----------------|
| | € | € |
| Goods for resale | 163,266 | 222,327 |
| Packing & wrapping materials | 500 | 2,000 |
| | <u>163,766</u> | <u>224,327</u> |
| | | |
| 7. Debtors | 2002 | 2001 |
| | € | € |
| Trade debtors | 212,648 | 250,855 |
| Prepayments and accrued income | 34,583 | 23,497 |
| | <u>247,231</u> | <u>274,352</u> |

B. S. LEWIS LIMITED

**Notes to the Financial Statements
for the year ended 31st December 2002**

..... continued

| 8. Creditors: amounts falling due within one year | 2002 | 2001 |
|---|----------------|----------------|
| | € | € |
| Bank overdraft | - | 33,912 |
| Bank loan | - | 15,945 |
| Directors' loans | 82,021 | - |
| Net obligations under finance leases and hire purchase contracts | 2,748 | - |
| Trade creditors | 535,069 | 385,730 |
| Corporation tax | 28,086 | - |
| Other taxes and social security costs | 26,715 | 45,460 |
| Other creditors | 68,939 | 5,407 |
| Accruals and deferred income | 11,429 | 16,141 |
| | <u>755,007</u> | <u>502,595</u> |

Other taxes and social security costs include the following:

| | | |
|-------------|---------------|---------------|
| VAT [Irish] | 4,821 | 12,655 |
| VAT [U.K.] | 4,971 | 22,820 |
| PAYE / PRSI | 16,923 | 9,985 |
| | <u>26,715</u> | <u>45,460</u> |

Trade creditors includes creditors of € 524,000 (2001 - € 376,000) who have reserved title to goods supplied. Since the extent to which these creditors are effectively secured at any time depends on a number of conditions, the validity of some of which are not readily determinable, it is not possible to indicate how much of the above amount is effectively secured by reservation of title.

| 9. Creditors: amounts falling due after more than one year | 2002 | 2001 |
|---|--------------|----------------|
| | € | € |
| Bank loan | - | 143,014 |
| Directors' loans | - | 90,064 |
| Net obligations under finance leases | 6,183 | - |
| | <u>6,183</u> | <u>233,078</u> |

B. S. LEWIS LIMITED

**Notes to the Financial Statements
for the year ended 31st December 2002**

..... continued

| | | | |
|---|--------------------|-----------------|-----------------|
| 10. Share capital | 2002 | 2001 | |
| | € | € | |
| Authorised | | | |
| - 50,000 Ordinary shares of €1.269738 each | <u>63,487</u> | <u>63,487</u> | |
| Alloted, called up, and fully paid. | | | |
| - 40,100 Ordinary shares of €1.269738 each | <u>50,916</u> | <u>50,916</u> | |
| | | | |
| 11. Equity Reserves | | | |
| | Revaluation | Profit | |
| | reserve | and loss | |
| | | account | Total |
| | € | € | € |
| At 1 January 2002 | 545,026 | (130,377) | 414,649 |
| Deficit on property revaluation | (84,788) | | (84,788) |
| Transfer of realised profit | (460,238) | 460,238 | - |
| Loss for the year | | (354,654) | (354,654) |
| At 31st December 2002 | <u>-</u> | <u>(24,793)</u> | <u>(24,793)</u> |
| | | | |
| 12. Reconciliation of movements in shareholders' funds | | | |
| | 2002 | 2001 | |
| | € | € | |
| Loss for the year | (354,654) | (177,148) | |
| Other recognised gains or losses | (84,788) | - | |
| Net deduction from shareholders' funds | (439,442) | (177,148) | |
| Opening shareholders' funds | <u>465,565</u> | <u>642,713</u> | |
| Closing shareholders' funds | <u>26,123</u> | <u>465,565</u> | |

B. S. LEWIS LIMITED

Notes to the Financial Statements for the year ended 31st December 2002

..... continued

13. Financial commitments

At 31st December 2002 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|----------------------------|--------------------|---------------|
| | 2002 | 2001 |
| | € | € |
| Expiry date: | | |
| Within one year | 13,400 | - |
| Between one and five years | 39,400 | 13,400 |
| | <u>52,800</u> | <u>13,400</u> |

14. Related party transactions

The company sells batteries and provides services to a partnership, in which Arnold Lewis, director, is a partner. At the year end, the partnership owed the company €49,023(2001 €42,812). Sales to the partnership during the year amounted to €75,873 (2001 €84,608) and service charges were €5,300 (2001 €8,516).

15. Pension costs

The company operates a pension scheme on a defined contribution basis within the meaning of the Pensions Act 1990.

16. Approval of financial statements

The financial statements were approved by the Board of Directors on 29th September 2003.

B. S. LEWIS LIMITED

**Operating Statement
for the year ended 31st December 2002**

| | Appendices | 2002 € | 2001 € |
|--------------------------|-------------------|-------------------------|-------------------------|
| Sales | | 1,159,611 | 1,155,392 |
| Cost of sales | 1. | <u>(890,883)</u> | <u>(836,271)</u> |
| | | 268,728 | 319,121 |
| Commissions receivable | | <u>-</u> | <u>235</u> |
| Gross profit | | 268,728 | 319,356 |
| Expenses | 2. | <u>(595,296)</u> | <u>(496,505)</u> |
| | | <u>(326,568)</u> | <u>(177,149)</u> |
| Bank interest received | | <u>-</u> | <u>1</u> |
| Net loss before taxation | | <u><u>(326,568)</u></u> | <u><u>(177,148)</u></u> |

B. S. LEWIS LIMITED

Appendix 1- Cost of Sales for the year ended 31st December 2002

| | 2002 | 2001 |
|-----------------|------------------|------------------|
| | € | € |
| Opening Stock | 222,327 | 221,792 |
| Purchases | 821,068 | 820,204 |
| Carriage & Duty | 10,754 | 16,602 |
| | <u>1,054,149</u> | <u>1,058,598</u> |
| Closing Stock | (163,266) | (222,327) |
| | <u>890,883</u> | <u>836,271</u> |

B. S. LEWIS LIMITED

Appendix 2 - Schedule of expenses for the year ended 31st December 2002

| | 2002 | | 2001 | |
|--|---------|---------|---------|---------|
| | € | € | € | € |
| <u>ADMINISTRATION EXPENSES</u> | | | | |
| Directors' salaries | 106,660 | | 79,950 | |
| Directors' fees | 54,900 | | 43,896 | |
| Pension costs | 5,178 | | 8,341 | |
| Staff wages | 47,937 | | 39,227 | |
| Telephone | 8,589 | | 6,874 | |
| Printing, postage & stationery | 10,575 | | 9,153 | |
| General expenses | 34,766 | | 26,836 | |
| Auditor's remuneration | 6,900 | | 5,800 | |
| Travelling expenses | 31,139 | | 34,167 | |
| Data processing | 10,064 | | 8,172 | |
| Depreciation - computer equipment | 7,393 | | 7,026 | |
| | | 324,101 | | 269,442 |
| <u>ESTABLISHMENT EXPENSES</u> | | | | |
| Rent & rates | 47,757 | | 31,218 | |
| Insurance | 36,147 | | 28,615 | |
| Light & heat | 5,109 | | 5,230 | |
| Repairs | 2,909 | | 2,450 | |
| Depreciation - fixtures & fittings | 1,214 | | 929 | |
| Depreciation - plant & machinery | 748 | | - | |
| Service charge | (5,300) | | (8,516) | |
| | | 88,584 | | 59,926 |
| <u>SELLING EXPENSES</u> | | | | |
| Carriage & freight | 20,411 | | 21,669 | |
| Commission | 59,733 | | 68,220 | |
| Wrapping | 2,966 | | 1,513 | |
| Motor expenses | 17,035 | | 13,834 | |
| Advertising and sales promotion | 29,762 | | 30,458 | |
| Depreciation - motor vehicles | 2,596 | | 1,743 | |
| (Profit) loss on disposal of motor vehicle | (1,806) | | - | |
| | | 130,697 | | 137,437 |
| <u>FINANCIAL EXPENSES</u> | | | | |
| Bank interest & charges | 18,600 | | 22,947 | |
| Lease finance charges | 345 | | 876 | |
| Discount allowed | 11,805 | | 10,761 | |
| Discount received | - | | - | |
| Bad & doubtful debts (recovered) | 21,164 | | (4,884) | |
| | | 51,914 | | 29,700 |
| | | 595,296 | | 496,505 |