C J Vander Limited

Report and Financial Statements

Year Ended

31 December 2003

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C J Vander Limited
Annual report and financial statements for the year ended 31 December 2003

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Directors

G Homer
D Oulton
A J Porteous
S Wilfin

Secretary and registered office

S Wilfin

Vander House
Starnhill Close
Ecclesfield
S35 9TG

Company number

763852

Auditors

goodband viner taylor, The Manor House, 260 Ecclesall Road, Sheffield, S11 9AT

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year. The directors do not recommend payment of a dividend.

Principal activities, trading review and future developments

The company is principally engaged in the manufacture and sale of silverware products.

Business review

During the year the company has improved its performance and reduced the operating loss. The directors have taken substantial steps to return the company to profitability.

Directors

The present membership of the Board is set out below. All directors served throughout the year, except where stated.

The interests of the directors and their families in the shares of the company as at 31 December 2003 and 1 January 2003, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	31 December 2003	1 January 2003
F Florence (resigned on 21 March 2003)	-	-
E M Randolph (ceased to be a director on 27 February 2003)	-	-
A J Porteous (appointed 21 March 2003)	-	-
S Wilfin (appointed 21 March 2003)	-	-
G Homer (appointed 21 March 2003)	-	-
D Oulton (appointed 21 March 2003)	-	-

Mr G Hunt was appointed to the Board on 27 February 2003 and resigned on 21 March 2003. Mr R Meers was appointed to the Board on 27 February 2003 and resigned on 21 March 2003.

The directors who are also directors of the parent undertaking have taken advantage of the exemption not to disclose their shareholdings in other group undertakings.

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.

Auditors

goodband viner taylor have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

S Wilfin
Secretary

10 JUN 2004

To the shareholders of C J Vander Limited

We have audited the financial statements of C J Vander Limited on pages 4 to 14 which have been prepared under the accounting policies set out on pages 6 and 7.

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 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 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.

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 off 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 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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

goodband viner taylor

goodband viner taylor
Sheffield

- 2 JUL 2004

C J Vander Limited
Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	1,149,001	1,986,197
Cost of sales		747,236	(1,343,979)
Gross profit		401,765	642,218
Administrative expenses		(736,934)	(919,302)
Exceptional item	21	9,061,184	-
Operating profit/(loss)		8,726,015	(277,084)
Net interest	3	(92,960)	(208,482)
Profit/(loss) on ordinary activities before taxation		8,633,055	(485,566)
Taxation on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) transferred from reserves	13	8,633,055	(485,566)

There were no recognised gains or losses other than the profit for the financial year.

All amounts relate to continuing activities.

The notes on pages 6 to 14 part of these financial statements.

C J Vander Limited
Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	6		1,302,291		1,338,755
Investments	7		46,932		46,932
			1,349,223		1,385,687
Current assets					
Stocks	8	1,689,021		1,524,955	
Debtors falling due after more than one year	9	1,890,804		3,488,998	
Debtors falling due within one year	9	746,774		363,848	
Cash at bank and in hand		-		6,171	
		4,326,599		5,383,972	
Creditors: amounts falling due within one year	10	(861,747)		(11,443,043)	
Net current assets			3,464,852		(6,059,071)
Total assets less current liabilities			4,814,075		(4,673,384)
Creditors: amounts falling due After more than one year	11		(1,014,660)		(160,256)
			3,799,415		(4,833,640)
Capital and reserves					
Called up share capital	12		172,489		172,489
Revaluation reserve	13		60,470		60,470
Capital redemption reserve	13		11		11
Profit and loss account	13		3,566,445		(5,066,610)
Shareholders' funds			3,799,415		(4,833,640)

The financial statements were approved by the Board on 10 JUN 2004

A J Porteous
Director

S Wilfin
Director

The notes on pages 6 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount less received by the company for goods supplied and services provided, excluding VAT and trade discount.

Tangible fixed assets and depreciation

Tangible fixed assets are valued at cost, net of depreciation. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible assets over their estimated useful economic lives. The rates generally applicable are:

Freehold buildings	50 years
Plant and machinery	10% on cost
Fixtures and fittings	25% on written down value
Computer equipment	25% on written down value

Investments

Investments are included at cost less amounts written off.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

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 timing differences arising on revaluations of fixed assets which are not intended to be sold and 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.

1 **Accounting policies** *(Continued)*

Leased assets

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

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Retirement benefits

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 and loss on ordinary activities before taxation**

An analysis of turnover by geographical market is given below:	**2003** **£**	**2002** **£**
United Kingdom	882,968	1,198,058
Overseas	266,033	788,139
	1,149,001	1,986,197
The loss on ordinary activities before taxation is stated after:		
Auditors' remuneration	15,521	28,846
Depreciation:		
Tangible fixed assets, owned	77,448	84,872
Tangible fixed assets, held under finance leases and hire purchase contracts	1,416	1,420
Operating lease rentals – plant and machinery	28,647	28,894
Operating lease rentals – other	35,000	35,000

3 Net Interest

	2003 £	2002 £
On bank overdrafts	3,941	270
Interest payable to group undertakings	50,589	210,702
Other interest payable and similar charges	3,890	-
Bank loan interest	34,540	-
	92,960	210,972
Other interest receivable and similar income	-	(2,490)
	92,960	208,482

4 Directors and employees

Staff costs during the year were as follows:

Wages and salaries	723,820	841,467
Social security costs	68,759	69,427
Other pension costs	18,934	22,300
	811,513	933,194

The average number of employees of the company during the year were as follows:-

	2003 No	2002 No
Production	29	36
Administration and sales	9	9
	38	45

Remuneration in respect of directors was as follows:	£	£
Emoluments	156,574	2,875
Pension	8,775	-

During the year 3 of the directors (2002: none) participated in the money purchase pension schemes.

5 Taxation on profit/(loss) on ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30% (2002: 19%). The differences are explained as follows:

	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	8,633,055	(485,566)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2002: 19%)	2,589,916	(92,000)
Effect of:		
Income not assessable to corporation tax	(2,013,433)	
Expenses not deductible	97,631	4,000
Depreciation for the period in excess of capital Allowances	27,925	10,000
Short term timing differences	-	71,000
Unused tax losses carried forward	-	7,000
Tax losses utilised in the year	(702,039)	-
	-	-

The directors believe that unrelieved tax losses of approximately £2,600,000 remain available to offset against future taxable trading profits.

6 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2003	1,027,660	1,303,162	92,254	129,112	2,552,188
Additions	-	40,000	2,400	-	42,400
At 31 December 2003	1,027,660	1,343,162	94,654	129,112	2,594,588
Depreciation					
At 1 January 2003	66,694	986,584	61,936	98,219	1,213,433
Provided for the year	20,556	42,996	7,584	7,728	78,864
At 31 December 2003	87,250	1,029,580	69,520	105,947	1,292,297
Net book value					
At 31 December 2003	940,410	313,582	25,134	23,165	1,302,291
At 31 December 2002	960,966	316,578	30,318	30,893	1,338,755

Included in plant and machinery are assets held under finance leases with a net book value of £6,167 (2002: £7,583).

7 Fixed asset investments

	Shares in group undertaking £
Cost and net book value	
At 1 January 2003 and 31 December 2003	46,932

At 31 December 2003 the company held more than 20% of the equity share capital of the following undertakings:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business
HLW 179 Limited (formerly Roberts & Belk Limited)	England	Ordinary	100%	Dormant
John Biggin Limited	England	Ordinary	100%	Dormant
Vander Properties Limited	England	Ordinary	100%	Dormant
C J Vander (Antiques) Limited	England	Ordinary	100%	Dormant
Modern Silverware Products Limited	England	Ordinary	100%	Dormant
International Silver Company Limited	England	Ordinary	100%	Merchandising of giftware and silverware

The aggregate of the share capital and reserves as at 31 December 2003 and of the profit and loss for the year then ended on that date for the subsidiary undertakings was as follows:

	Aggregate of share capital and reserves £	Profit and loss £
HLW 179 Limited	23,440	-
John Biggin Limited	(107,819)	-
Vander Properties Limited	100	-
C J Vander (Antiques) Limited	(400,605)	-
Modern Silverware Products Limited	2,000	-
International Silver Company Limited	(1,657,701)	(9,988)

8 Stocks

	2003 £	2002 £
Raw materials and consumables	202,096	166,782
Short-term work in progress	909,639	942,491
Finished goods and goods for resale	577,286	415,682
	1,689,021	1,524,955

9 **Debtors**	2003 £	2002 £
Trade debtors	315,456	342,037
Amounts owed by group undertakings	2,290,804	3,488,998
Prepayments and accrued income	31,318	21,811
	2,637,578	3,852,846

Included above are the following amounts which are due after more than one year:

Amounts owed by group undertakings	1,890,804	3,488,998

10 **Creditors: amounts falling due within one year**	2003 £	2002 £
Bank loans and overdrafts (secured)	276,312	-
Trade creditors	434,615	93,708
Amounts owed to group undertakings	45,932	45,932
Amounts owed to former parent undertakings	45,454	11,233,608
Social security and other taxes	26,400	49,209
Accruals and deferred income	33,034	20,586
	861,747	11,443,043

The company has financing agreements whereby certain of their debts are financed on a recourse basis. thee terms of the agreements are such that, prior to payment, an advance may be made by the financing company against those debts. In such an event the company bears an element of the slow payment note. As a result of the adoption by the company of the terms of FRS 5 (Reporting the Substance of Transactions) amount received of £163,602 (2002: £Nil) in respect of debtors have been included with creditors. These amounts received are secured by a fixed and floating charge over all the company's assets.

11 **Creditors: amounts falling due after more than one year**	2003 £	2002 £
Amount owed to parent company	50,000	-
Amounts owed to former parent undertakings (see note 20)	160,000	160,256
Bank loans (secured)	804,660	-
	1,014,660	160,256
Bank loan due after 1 year but before 5 years	128,610	-
Bank loans due after 5 years	676,050	-
	804,660	-

12 Share capital

	2003 £	2002 £
Authorised		
175,000 ordinary shares of £1 each	175,000	175,000
Allotted, called up and fully paid		
172,489 ordinary shares of £1 each	172,489	172,489

13 Reserves

	Share Premium Account £	Other reserves £	Profit and loss account £
At 1 January 2003	60,470	11	(5,066,610)
Retained profit for the year	-	-	8,633,055
At 31 December 2003	60,470	11	3,566,445

14 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	8,633,055	(485,566)
Net decrease in shareholders' funds	8,633,055	(485,566)
Shareholders' funds at 1 January 2003	(4,833,640)	(4,348,074)
Shareholders' funds at 31 December 2003	3,799,415	(4,833,640)

15 Pension costs

The company operates a number of defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those of the company.

16 Leasing commitments

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

	2003		2002	
	Land and buildings £	Other £	Land and Buildings £	Other £
In one year or less	-	5,114	-	1,678
Between one and five years	-	15,642	-	24,610
In five years or more	35,000	-	35,000	-
At 31 December 2003	35,000	20,756	35,000	26,288

17 Capital commitments

The company had no capital commitments at 31 December 2003 or 31 December 2002.

18 Contingent liabilities

The company has entered into unlimited cross and multilateral guarantees in favour of HSBC Bank plc in respect of any indebtedness between C J Vander Limited and International Silver Company Limited. The total contingent liability under these guarantees at 31 December 2003, amounted to £1,002,225 (2002: £Nil).

19 Transactions with related parties

During the year the company had the following transactions with its former ultimate parent undertaking and fellow subsidiaries:

The Syratech Corporation.
Purchases and expenses from group companies amounted to £53,665 (2002: £683,181), sales to group companies were £61,854 (2002: £90,027) and cash repayments to the parent undertaking were £Nil (2002: £500,000).

The balance owed to The Syratech Corporation at 31 December 2003 is £202,454 (2002:£11,393,864)

Interest payable on loans is £50,589 (2002:£210,702)

International Silver Company Limited.
Sales and recharged expenses to group companies were £57,471 (2002: £520,989) and cash repayments from group companies were £1,362,000 (2002: £226,956).

The balance owed by International Silver Company Limited at 31 December 2003 is £2,290,804 (2002:£3,488,998)

Other group companies
At 31 December 2003 the following balances were outstanding with the parent company, Roberts and Belk Limited and subsidiary companies:

	2003	2002
	£	£
Roberts and Belk Limited – amount owed to	50,000	-
Vander Properties Limited – amount owed to	100	100
C J Vander (Antiques) Limited – amount owed to	1,000	1,000
Modern Silverware Products Limited – amount owed to	2,000	2,000
John Biggin Limited – amount owed to	19,392	19,392
HLW 179 Limited – amount owed to	23,440	23,440

20 Ultimate parent undertaking and controlling party

Until 21 March 2003 Syratech (Hong Kong) Limited was this company's controlling party by virtue of its 100% shareholding in this company. The ultimate controlling party was Thomas H Lee Company as a result of its controlling interest in The Syratech Corporation.

From 21 March 2003 the ultimate parent company is Roberts and Belk Limited (formerly HLW 179) Limited

At 31 December 2003 there was no ultimate controlling party.

21 Exceptional items

On 21 March 2003 Syratech (HK) Limited , the former intermediate parent company of C J Vander Limited, agreed to sell the entire shareholding of C J Vander Limited to the incumbent management team for the sum of $1. On this date the former ultimate parent company, Syratech Corporation, waived part of the inter-company indebtedness. In addition there were costs for legal and professional services relating to the management buy out totalling £322,261.

	£
Loan waived by former parent company	9,383,445
Legal and professional expenses	(322,261)
	9,061,184