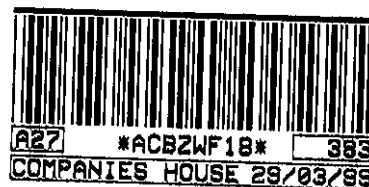


BOARD OF TRADE

26 233 19 .

**CRAFTEC PAPER LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**



# **CRAFTEC PAPER LIMITED**

**DIRECTORS:**

E.F. Rowbotham, Esq  
U.R. Rowbotham  
A. Bannister, Esq  
L.S. Bannister  
L.R. Holland

**SECRETARY:**

U.R. Rowbotham

**REGISTERED OFFICE:**

Marks House  
The Broadway  
Great Dunmow  
Essex, CM6 3BQ

**COMPANY REGISTRATION NUMBER:**

2623319

**BANKERS:**

Barclays Bank Plc  
9 High Street  
Colchester  
Essex CO1 1DD

**AUDITORS:**

Rowland Charles & Co  
Chartered Accountants  
Marks House  
The Broadway  
Great Dumow  
Essex CM6 3BQ

## **CONTENTS**

<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Auditors</b>	<b>3</b>
<b>Balance Sheet</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Notes to the Financial Statements</b>	<b>6 - 11</b>

# CRAFTEC PAPER LIMITED

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 30TH SEPTEMBER 1998

The Directors present their Report and the Audited Financial Statements for the year ended 30th September 1998.

The results for the year are as stated in the attached Profit and Loss Account.

The principal activity of the Company remained that of paper merchants and converters.

There were no charitable or political donations made during the year.

The Company paid a dividend of £112,000 (1997 - £80,000) for the year.

The present board of Directors is as shown on Page 1 to these Financial Statements.

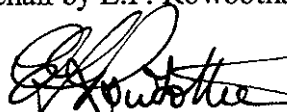
The Directors who served at any time during the year, together with their shareholding are as follows:

	<u>Ordinary Shares of £1 each</u>	
	<u>1998</u>	<u>1997</u>
E.F. Rowbotham, Esq	525	550
U.R. Rowbotham	225	250
A. Bannister, Esq	100	100
L.S. Bannister	100	100
L.R. Holland (appointed 1.5.1998)	50	--

The auditors Rowland Charles & Co. have confirmed their willingness to continue in office.

In preparing this report we have taken advantage of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Approved by the board of directors on 3rd March 1999 and signed on their behalf by E.F. Rowbotham.

  
.....(DIRECTOR)

## AUDITORS REPORT TO THE SHAREHOLDERS OF

### CRAFTEC PAPER LIMITED

We have audited the Financial Statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 mis-statement, 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 at 30th September 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act, 1985 applicable to small companies.

Date: 14th March, 1999.....



.....  
ROWLAND CHARLES & CO.  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITORS

# CRAFTEC PAPER LIMITED

## BALANCE SHEET

AT 30TH SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	2(b),5	387,560	340,153
<b>CURRENT ASSETS</b>			
Stocks	2(c)	253,949	107,122
Debtors	7	<u>815,845</u>	<u>674,923</u>
		<u>1,069,794</u>	<u>782,045</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(1,044,059)</u>	<u>(804,628)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>25,735</u>	<u>(22,583)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		413,295	317,570
<b>CREDITORS: Amounts falling due after more than one year</b>	9	<u>(172,073)</u>	<u>(143,793)</u>
		<u>£241,222</u>	<u>£173,777</u>
<b>FINANCED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	13	1,000	1,000
Profit and Loss Account		<u>240,222</u>	<u>172,777</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u>£241,222</u>	<u>£173,777</u>

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part I Schedule 8 to the Companies Act 1985. In the directors opinion, the company is entitled to those exemptions as a small company.

Approved by the board of directors on  
E.F. Rowbotham

3rd March

1999 and signed on their behalf by



(DIRECTOR)

The notes on pages 6 to 11 form an integral part of these financial statements.

**CRAFTEC PAPER LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<b>TURNOVER</b>	2(d)	3,663,824	2,692,077
<b>COST OF SALES</b>		<u>(2,739,533)</u>	<u>(1,968,697)</u>
<b>GROSS PROFIT</b>		924,291	723,380
Distribution Costs	299,147		232,673
Administrative Expenses	<u>389,515</u>	<u>(688,662)</u>	<u>316,148</u>
			<u>(548,821)</u>
<b>OPERATING PROFIT</b>	3	235,629	174,559
Interest receivable	1,148		752
Management Fees	<u>2,000</u>	<u>3,148</u>	<u>--</u>
			<u>752</u>
		238,777	175,311
Interest payable and similar charges		<u>(19,205)</u>	<u>(8,862)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		219,572	166,449
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	4	<u>(40,127)</u>	<u>(28,916)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		179,445	137,533
Dividends		<u>(112,000)</u>	<u>(80,000)</u>
<b>RETAINED PROFITS</b>		67,445	57,533
<b>RETAINED PROFITS, BROUGHT FORWARD</b>		<u>172,777</u>	<u>115,244</u>
<b>RETAINED PROFITS, CARRIED FORWARD</b>		£ <u>240,222</u>	£ <u>172,777</u>

In each of the years ended 30th September 1998 and 30th September 1997, the only gain recognised by the company was the profit for that year; all of the activities undertaken by the company were continuing activities and the reported profit was found under the historical cost convention.

The notes on pages 6 to 11 form an integral part of these financial statements.

# **CRAFTEC PAPER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

#### **1. DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

- a. Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and profit or loss for the year then ended.
- b. In preparing those financial statements, the directors are required to:
  - select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable.
  - prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will continue in business.
- c. The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **CRAFTEC PAPER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

#### **2. ACCOUNTING POLICIES**

##### **a. Accounting Convention**

The financial statements are prepared under the Historical Cost Convention and on a going concern basis.

##### **b. Depreciation of Tangible Fixed Assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Motor Vehicles	20%	on net book value
Plant and Equipment	15%	on net book value
Office Equipment	20%	on net book value

##### **c. Stock and Work in Progress**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items, as follows.

Cost incurred in bringing each product to its present location and condition:

Raw Materials	- Purchase cost on a first-in, first-out basis.
Work in Progress and finished goods	- Cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

##### **d. Turnover**

Turnover represents the invoiced value of goods sold and services provided (stated net of value added tax).

##### **e. Finance Leases and Hire Purchase Contracts**

Assets acquired under finance leases and hire purchase contracts are capitalised, with an equivalent liability included, as appropriate, under Creditors Due Within One Year or After More Than One Year. Associated finance charges are written off, by equal instalments, over the primary period of the lease or over the period of the hire purchase contract.



# CRAFTEC PAPER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30TH SEPTEMBER 1998

#### f. Pensions

The company has a defined contributions pension scheme. The cost of the contributions made by the company to the scheme are charged to the Profit and Loss Account as incurred.

#### g. Cash Flow Statement

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

#### h. Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

### 3. OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
This is stated after charging:		
Depreciation	71,630	52,881
Auditor's Remuneration	3,000	3,000
Directors' Emoluments	110,865	106,152
Finance Charges - Finance Leases	<u>4,777</u>	<u>5,369</u>

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
Based on the profit for the year, at 24%	--	15,422
Based on the profit for the year, at 21%	<u>40,127</u>	<u>13,494</u>
	<u>£ 40,127</u>	<u>£ 28,916</u>

# CRAFTEC PAPER LIMITED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30TH SEPTEMBER 1998

#### 5. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant and Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
<b>COST</b>				
Balance B/Fwd	159,550	255,313	28,007	442,870
Disposals	(55,700)	--	--	(55,700)
Additions	<u>42,145</u>	<u>101,189</u>	<u>8,265</u>	<u>151,599</u>
Balance C/Fwd	<u>145,995</u>	<u>356,502</u>	<u>36,272</u>	<u>538,769</u>
<b>DEPRECIATION</b>				
Balance b/fwd	30,225	62,745	9,747	102,717
On disposals	(23,138)	--	--	(23,138)
Charge for year	<u>24,879</u>	<u>42,225</u>	<u>4,526</u>	<u>71,630</u>
Balance c/fwd	<u>31,966</u>	<u>104,970</u>	<u>14,273</u>	<u>151,209</u>
<b>NET BOOK VALUE</b>				
At 30th September 1998	<u>£114,029</u>	<u>£251,532</u>	<u>£21,999</u>	<u>£387,560</u>
At 30th September 1997	<u>£129,325</u>	<u>£192,568</u>	<u>£18,260</u>	<u>£340,153</u>

The net book value of tangible fixed assets include the following amounts of assets held under finance leases:

	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
At 30th September 1998	£ --	£32,060	£32,060
At 30th September 1997	£ --	£55,600	£ 55,600

Depreciation charged on these assets amounted to £9,115 (1997 £13,900).

# CRAFTEC PAPER LIMITED

## NOTES TO FINANCIAL STATEMENTS (Continued)

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

**6. CAPITAL COMMITMENTS**

	<u>1998</u>	<u>1997</u>
Contracted but not provided for in the accounts	£ <u>---</u>	£ <u>---</u>

**7. DEBTORS**

	<u>1998</u>	<u>1997</u>
Trade Debtors	782,959	654,803
Others	<u>32,886</u>	<u>20,120</u>
	<u>£815,845</u>	<u>£674,923</u>

**8. CREDITORS: Amounts falling due within one year**

	<u>1998</u>	<u>1997</u>
Bank Loans and Overdraft (Secured)	111,724	33,216
Trade Creditors	817,669	632,407
Other Creditors	99,468	117,735
Obligations under Finance Leases (note 11)	<u>15,198</u>	<u>21,270</u>
	<u>£1,044,059</u>	<u>£804,628</u>

**9. CREDITORS: Amounts falling due after more than one year**

	<u>1998</u>	<u>1997</u>
Bank Loan	2,000	14,000
Directors' Loan	161,217	118,031
Obligations under Finance Leases (note 11)	<u>8,856</u>	<u>11,762</u>
	<u>£172,073</u>	<u>£143,793</u>

**10. BANK LOANS**

	<u>1998</u>	<u>1997</u>
Due between one and two years	£ <u>2,000</u>	£ <u>12,000</u>
Due between two and five years	£ <u>---</u>	£ <u>2,000</u>

**11. OBLIGATIONS UNDER FINANCE LEASES**

	<u>1998</u>	<u>1997</u>
Wholly repayable by instalments		
Due within 2 - 5 years	£ <u>8,856</u>	£ <u>11,762</u>

# CRAFTEC PAPER LIMITED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30TH SEPTEMBER 1998

#### 12. SECURED CREDITORS

Security has been given by the company to secure £332,185 (1997 £196,239) of the amount shown under creditors.

#### 13. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
Authorised Ordinary Shares of £1 each	£ <u>10,000</u>	£ <u>10,000</u>
Allotted, called up and fully paid Ordinary Shares of £1 each	£ <u>1,000</u>	£ <u>1,000</u>

#### 14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
Profit for the financial year	179,445	137,533
Dividends	(112,000)	(80,000)
Net addition to Shareholders funds	67,445	57,533
Opening Shareholders funds	<u>173,777</u>	<u>116,244</u>
Closing Shareholders funds	<u>£241,222</u>	<u>£173,777</u>
Equity Interests	<u>£241,222</u>	<u>£173,777</u>

#### 15. COMMITMENTS AND CONTINGENT LIABILITIES

##### a Pension Scheme

The assets of the pension scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £55,713 (1997 £30,524).

##### b Operating Leases

On 30th September the company has commitments for payments in the following year under non-cancellable operating leases of land and buildings as set out below:

	<u>1998</u>	<u>1997</u>
Operating Leases which expire - in one to five years	<u>£47,822</u>	<u>£ 36,322</u>