

1895837

# Mainline Flatpacks Limited

ABBREVIATED ACCOUNTS

for the year ended

31 March 2003



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COMPANIES HOUSE

\*A8TB901K\*

0762  
03/09/03

Company Registration No. 1895837

# Mainline Flatpacks Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Mainline Flatpacks Limited for the year ended 31 March 2003.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of trade and retail printers, and packaging manufacturers.

### REVIEW OF THE BUSINESS

This has been a difficult year with prices reaching abnormally low levels, in some cases pre 1997 levels, with reverse auctions forcing prices in general down 25%; and tremendous overcapacity in the trade.

Some of our traditional markets have dried up as manufacturing goes to China or Eastern Europe or, as with travel, they move to on line ticketing.

2003/4 will see the fruits of 18 months of hard work reorganising the company, refocusing on sales, new product areas, margins and production costs.

On the sales side 2 major competitors have collapsed and this has allowed prices to recover and taken out the excess capacity. A new sales team has been built and incentivised, new agency agreements with continental manufacturers have given the company a cost or product edge at a prospect. Product development has added polythene cartons, sequential numbering, re-sealable closures and triangular envelopes.

In production we are taking on the disciplines of lean manufacturing and productivity bonus schemes as the MIS goes to its final stages of implementation. The quality management system has recently won certification to ISO 9000/2000 and work continues to reduce dust and work towards food accreditation.

The company is forecasting a return to healthy profits for 2003/4.

### RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £51,473 .

The directors do not recommend payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 1 April 2002:-

R S Lill

J Lill

J Fuchs

W Wickens

# Mainline Flatpacks Limited

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary A of £ 1 each</i>	
	31.3.03	1.4.02
R S Lill	4,500	4,500
J Lill	4,500	4,500
J Fuchs	-	-
W Wickens	-	-

	<i>Ordinary B of £ 1 each</i>	
	31.3.03	1.4.02
R S Lill	-	-
J Lill	-	-
J Fuchs	-	-
W Wickens	-	-

CHARITABLE DONATIONS	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	700	50
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### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

On behalf of the board

J Lill  
Director

18.8.03

# Mainline Flatpacks Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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.

**INDEPENDENT AUDITORS' REPORT TO MAINLINE FLATPACKS LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 5 to 17, together with the financial statements of the company for the year ended 31 March 2003 prepared under section 226 of the Companies Act 1985.

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**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of audit opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with that provision.



BAKER TILLY

Registered Auditor  
Chartered Accountants  
1st Floor  
46 Clarendon Road  
Watford  
Herts  
WD17 1JJ

22 August 2003

# Mainline Flatpacks Limited

## ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2003

	<i>Notes</i>	2003 £	2002 £
Gross profit		1,451,988	1,412,381
Other operating expenses	1	1,395,257	1,239,806
OPERATING PROFIT		56,731	172,575
Other interest receivable and similar income	2	538	425
		57,269	173,000
Interest payable and similar charges	3	94,885	113,659
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(37,616)	59,341
Taxation	6	13,857	12,910
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	(51,473)	46,431

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# Mainline Flatpacks Limited

## BALANCE SHEET

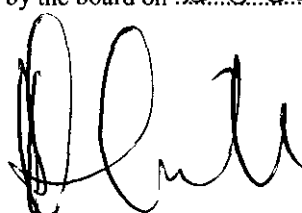
31 March 2003

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>2,251,589</u>	<u>2,371,589</u>
<b>CURRENT ASSETS</b>			
Stocks	8	294,740	325,347
Debtors	9	806,077	691,554
Cash at bank and in hand		<u>2,633</u>	<u>8,002</u>
		1,103,450	1,024,903
CREDITORS: Amounts falling due within one year	10	<u>1,479,830</u>	<u>1,263,212</u>
NET CURRENT LIABILITIES		<u>(376,380)</u>	<u>(238,309)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,875,209	2,133,280
CREDITORS: Amounts falling due after more than one year	11	(373,434)	(595,393)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(300,408)</u>	<u>(285,047)</u>
		<u>1,201,367</u>	<u>1,252,840</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	9,000	9,000
Other reserves	14	7,700	7,700
Profit and loss account	14	<u>1,184,667</u>	<u>1,236,140</u>
SHAREHOLDERS' FUNDS	15	<u>1,201,367</u>	<u>1,252,840</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board on 18.8.03

R S Lill



Director

# Mainline Flatpacks Limited

## CASH FLOW STATEMENT

for the year ended 31 March 2003

	<i>Notes</i>	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	302,301	726,019
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		538	425
Interest paid		(94,885)	(113,659)
Net cash outflow for returns on investments and servicing of finance		(94,347)	(113,234)
TAXATION		14,311	(68,155)
CAPITAL EXPENDITURE			
Payments to acquire tangible assets		(77,541)	(125,759)
Receipts from sales of tangible assets		1,600	39,993
Net cash outflow for capital expenditure		(75,941)	(85,766)
Net cash inflow before management of liquid resources and financing		146,324	458,864
FINANCING			
Purchase of own shares		-	(15,000)
Capital element of hire purchase contracts		(244,858)	(274,667)
Net cash outflow from financing		(244,858)	(289,667)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(98,534)	169,197



# Mainline Flatpacks Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	between 4% and 15% straight line method
Fixtures, fittings & equipment	15% straight line method
Motor vehicles	15% straight line method

### STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

### DEFERRED TAXATION

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### PENSIONS CONTRIBUTIONS

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

### FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

**Mainline Flatpacks Limited**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
for the year ended 31 March 2003

1. OTHER OPERATING EXPENSES	2003 £	2002 £
Administrative expenses	<u>1,395,257</u>	<u>1,239,806</u>
2. INVESTMENT INCOME	2003 £	2002 £
Bank interest	139	425
Other interest	399	-
	<u>538</u>	<u>425</u>
3. INTEREST PAYABLE	2003 £	2002 £
On bank loans and overdrafts	528	241
Hire purchase interest	58,208	74,609
Factoring interest paid	36,093	38,406
On overdue tax	56	403
	<u>94,885</u>	<u>113,659</u>
4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2003 £	2002 £
(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets:		
Charge for the year:		
owned assets	136,573	112,181
leased assets	74,111	92,144
Loss on disposals	10,157	40,287
Operating lease rentals:		
Plant and machinery	12,419	11,741
Land and buildings	95,500	95,500
Profit on foreign exchange transactions	(2,658)	(5,046)
Auditors' remuneration	<u>6,825</u>	<u>6,500</u>

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

### 5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	2003 No.	2002 No.
Administration	19	16
Sales	5	4
Production	28	34
	<u>52</u>	<u>54</u>
	£	£
Staff costs for the above persons:		
Wages and salaries	1,082,585	1,024,403
Social security costs	104,275	97,530
Other pension costs	7,290	6,661
	<u>1,194,150</u>	<u>1,128,594</u>

DIRECTORS' REMUNERATION	2003 £	2002 £
Emoluments for qualifying services	251,208	215,117
Company pension contributions to money purchase schemes	6,824	5,745
	<u>258,032</u>	<u>220,862</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2002 - 3 ).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	86,141	94,145
Company pension contributions to money purchase schemes	2,550	2,550

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

6. TAXATION	2003 £	2002 £
Domestic current year tax		
U.K. corporation tax	-	(12,807)
Adjustment for prior years	(1,504)	(101)
	<hr/>	<hr/>
Current tax charge	(1,504)	(12,908)
Deferred tax		
Deferred tax charge/credit current year	15,361	25,818
	<hr/>	<hr/>
	13,857	12,910
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(37,616)	59,341
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00 % (2002 : 20.00 %)	(7,523)	11,868
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	1,810	1,143
Capital allowances in excess of depreciation	(9,495)	(25,818)
Tax losses carried forward	15,208	-
Adjustments to previous periods	(1,504)	(101)
	<hr/>	<hr/>
	6,019	(24,776)
	<hr/>	<hr/>
Current tax charge	(1,504)	(12,908)
	<hr/>	<hr/>

The company has estimated losses of £ 76,041 (2002 : £ nil) available for carry forward against future trading profits.

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

### 7. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i>	<i>Fixtures, fittings &amp; equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
1 April 2002	3,249,508	105,759	102,909	3,458,176
Additions	60,731	13,909	27,801	102,441
Disposals	-	(300)	(32,524)	(32,824)
31 March 2003	3,310,239	119,368	98,186	3,527,793
Depreciation				
1 April 2002	995,123	64,360	27,104	1,086,587
Charge in the year	174,292	23,054	13,338	210,684
Disposals	-	(300)	(20,767)	(21,067)
31 March 2003	1,169,415	87,114	19,675	1,276,204
Net book value				
31 March 2003	2,140,824	32,254	78,511	2,251,589
31 March 2002	2,254,385	41,399	75,805	2,371,589

Included above are assets held under finance leases or hire purchase contracts as follows:

	<i>Plant and machinery</i>
	£
Net book value	
31 March 2003	1,052,684
31 March 2002	1,386,927

### 8. STOCKS AND WORK IN PROGRESS

	2003	2002
	£	£
Raw materials and consumables	87,277	75,443
Work in progress	114,670	66,744
Finished goods and goods for resale	92,793	183,160
	294,740	325,347

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

9. DEBTORS	2003 £	2002 £
Due within one year:		
Trade debtors	784,905	656,431
Corporation tax	-	12,807
Other debtors	10,978	10,730
Prepayments and accrued income	10,194	11,586
	<u>806,077</u>	<u>691,554</u>

10. CREDITORS: Amounts falling due within one year	2003 £	As restated 2002 £
Bank loans and overdrafts	498,705	405,540
Obligations under finance lease and hire purchase contracts	239,099	237,098
Trade creditors	634,205	473,965
Taxes and social security costs	76,947	124,889
Other creditors	4,350	4,198
Accruals and deferred income	26,524	17,522
	<u>1,479,830</u>	<u>1,263,212</u>

There is a bond in favour of HM Customs and Excise of £2,000.

11. CREDITORS: Amounts falling due in more than one year	2003 £	2002 £
Obligations under finance leases and hire purchase agreements	<u>373,434</u>	<u>595,393</u>
	2003 £	2002 £
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	239,099	237,098
Repayable between two and five years	373,434	595,393
	<u>612,533</u>	<u>832,491</u>
	612,533	832,491
Included in current liabilities	<u>(239,099)</u>	<u>(237,098)</u>
	<u>373,434</u>	<u>595,393</u>

Included in bank loans and overdrafts is an amount of £498,705 (2002 - £405,540) which is secured by a debenture giving fixed and floating charges over the company's trade debtors.

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation £</i>
Balance at 1 April 2002	285,047
Transfer from profit and loss account	15,361
	<hr/>
Balance at 31 March 2003	300,408
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Excess of tax allowances over depreciation	300,408	285,047
	<hr/>	<hr/>

### 13. SHARE CAPITAL

	2003 £	2002 £
Authorised:		
14,000 Ordinary A of £ 1 each	14,000	14,000
1,000 Ordinary B of £ 1 each	1,000	1,000
	<hr/>	<hr/>
	15,000	15,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
9,000 Ordinary A of £ 1 each	9,000	9,000
	<hr/>	<hr/>

### 14. STATEMENT OF MOVEMENT ON RESERVES

	<i>Other reserves (see below) £</i>	<i>As restated Profit and loss account £</i>
1 April 2002	7,700	1,236,140
Retained loss for the year	-	(51,473)
	<hr/>	<hr/>
31 March 2003	7,700	1,184,667
	<hr/>	<hr/>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2002 & at 31 March 2003	7,700	
	<hr/>	

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 March 2003

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003	As restated 2002
	£	£
(Loss)/Profit for the financial year	(51,473)	46,431
Purchase of own shares	-	(15,000)
Opening shareholders' funds	1,252,840	1,221,409
Closing shareholders' funds	<u>1,201,367</u>	<u>1,252,840</u>



# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

16. CASH FLOWS		2003	2002	
		£	£	
a. Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit		56,731	172,575	
Depreciation of tangible assets		210,684	204,325	
Loss on disposal of tangible assets		10,157	40,287	
Decrease in stocks		30,607	92,673	
(Increase)/decrease in debtors		(127,330)	478,024	
Increase/(decrease) in creditors within one year		121,452	(261,865)	
Net cash inflow from operating activities		<u>302,301</u>	<u>726,019</u>	
b. Analysis of net debt				
	1 April 2002	Cash flow	Other non-cash changes	31 March 2003
	£	£	£	£
Net cash:				
Cash at bank and in hand	8,002	(5,369)	-	2,633
Bank overdrafts	(405,540)	(93,165)	-	(498,705)
	<u>(397,538)</u>	<u>(98,534)</u>	<u>-</u>	<u>(496,072)</u>
Bank deposits	-	-	-	-
Debt:				
Finance leases	(832,491)	219,958	-	(612,533)
Net debt	<u>(1,230,029)</u>	<u>121,424</u>	<u>-</u>	<u>(1,108,605)</u>
c. Reconciliation of net cash flow to movement in net debt				
		2003	2002	
		£	£	
(Decrease)/increase in cash in the year		(98,534)	169,197	
Cash outflow from decrease in debt and lease financing		219,958	274,667	
Change in net debt resulting from cash flows		<u>121,424</u>	<u>443,864</u>	
New finance lease		-	(249,063)	
Movement in net debt in the year		<u>121,424</u>	<u>194,801</u>	
Opening net debt		(1,230,029)	(1,424,830)	
Closing net debt		<u>(1,108,605)</u>	<u>(1,230,029)</u>	

# Mainline Flatpacks Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 March 2003

### 17. COMMITMENTS UNDER OPERATING LEASES

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

	2003	2002
	£	£
Land and buildings		
expiring in the first year	35,500	-
expiring in the second to fifth year	-	35,500
expiring after five years	60,000	60,000
Plant and machinery		
expiring in the first year	3,868	382
expiring in the second to fifth year	3,763	5,434
	<u>103,131</u>	<u>101,316</u>

### 18. PENSION COMMITMENTS

#### DEFINED CONTRIBUTION

	2003	2002
	£	£
Contributions payable by the company for the year	<u>7,290</u>	<u>6,661</u>