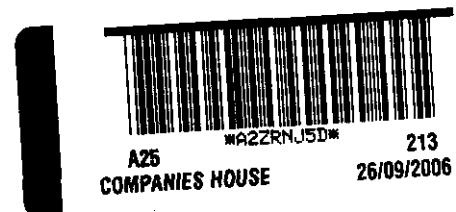


**PAPER SPECTRUM LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2006**

Company no 2994025



**PAPER SPECTRUM LIMITED**  
**FINANCIAL STATEMENTS**

For the year ended 31 March 2006

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Company registration number:

2994025

Registered office:

Unit 12  
Abbey Business Court  
Wallingford Road  
Leicester  
LE4 5RD

Directors:

T B Herbert

C J Roberts

Secretary:

T B Herbert

Bankers:

Barclays Bank plc  
Town Hall Square  
Leicester  
LE1 9AA

**PAPER SPECTRUM LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 March 2006

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The directors present their eleventh report together with financial statements for the year ended 31 March 2006.

### **Principal activity**

The company is principally engaged in the sale of paper and related products.

### **Review of the business**

The company's level of trading activity showed an encouraging improvement with increased profitability. Overheads also increased but there was a modest improvement in profit before tax. The directors continue to look for opportunities to increase turnover and profitability.

There was a profit for the year after taxation amounting to £31,853 (2005: £24,387). The directors paid interim dividends of £25,784 during the year; no final dividend is proposed leaving a profit of £6,069 transferred to reserves.

### **Directors**

The present membership of the Board is set out below. Both directors served throughout the year.

Mr C J Roberts retires by rotation and, being eligible, offers himself for re-election.

The interests of the directors in the shares of the company at 1 April 2005 and 31 March 2006 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	2006	2005
	£1 Ordinary shares	
Mr T B Herbert	25	25
Mr C J Roberts	75	75

### **Auditors**

The Directors are not required to appoint auditors as the company is within the exemptions provided by Section 249A(1) of the Companies Act 1985.

ON BEHALF OF THE BOARD



T B Herbert  
Secretary

Registered office:

Unit 12  
Abbey Business Court  
Wallingford Road  
Leicester  
LE4 5RD

Date: 13 September 2006

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

**a Turnover**

Turnover is the total amount receivable by the company for goods supplied, excluding Value Added Tax.

**b Depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all fixed assets over their expected useful lives. The periods and rates generally applicable are:

Leasehold properties	over the period of the lease
Motor vehicles	25% per annum reducing balance
Computer equipment	33% per annum straight line
Office Equipment	25% per annum reducing balance
Plant and machinery	15% per annum reducing balance

**c Stock**

Stock is valued at the lower of cost and net realisable value.

**d Deferred taxation**

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

**e Contributions to pension funds**

The pension costs charged against profits represent the amount of company contributions paid to the directors' personal pension fund policies during the year.

**f Leased assets**

Assets held under hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the agreement.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**PAPER SPECTRUM LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 March 2006

3.

	<u>Note</u>	<u>2006</u> £	<u>2005</u> £
Turnover	1	674,863	569,519
Cost of sales		<u>482,664</u>	<u>400,210</u>
Gross profit		192,199	169,309
Administrative expenses		<u>152,121</u>	<u>138,260</u>
Operating profit		40,078	31,049
Net interest payable and similar charges	2	<u>960</u>	<u>493</u>
Profit on ordinary activities before taxation	1	39,118	30,556
Tax on profit on ordinary activities	4	<u>7,265</u>	<u>6,169</u>
Profit on ordinary activities after taxation		31,853	24,387
Dividends paid	5	25,784	23,442
Profit for the financial period - transferred to reserves	1 and 12	<u>6,069</u>	<u>945</u>

There were no recognised gains or losses other than those for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

**PAPER SPECTRUM LIMITED**  
**BALANCE SHEET**  
**At 31 March 2006**

4.

	<u>Note</u>	<u>2006</u> £	<u>2006</u> £	<u>2005</u> £
<b>Fixed assets</b>				
Tangible assets	6		18,022	9,254
<b>Current assets</b>				
Stock		19,755		16,127
Debtors	7	115,981		106,657
Cash at bank and in hand		54		314
		<u>135,790</u>		<u>123,098</u>
Creditors: amounts falling due within one year	8	127,755		114,202
Net current assets/-liabilities			8,035	8,896
Total assets less current liabilities			26,057	18,150
Creditors: amounts falling due after more than one year	9		-3,986	-2,176
Provisions	10		-688	-660
			<u>21,383</u>	<u>15,314</u>
<b>Capital and reserves</b>				
Called up share capital	11		100	100
Profit and loss account	12		21,283	15,214
			<u>21,383</u>	<u>15,314</u>

- "(a) For the year ended 31 March 2006 the company was entitled to exemption under section 249A(1) of the Companies Act 1985;
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985;
- (c) The Directors acknowledge their responsibilities for:
- (i) ensuring the company keeps accounting records which comply with section 221; and
  - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.
- (d) The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies."

The financial statements were approved by the Board of Directors on 13 September 2006.

  
T B Herbert  
Director

  
C J Roberts  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**1. Turnover and profit on ordinary activities before taxation**

Turnover and profit on ordinary activities before taxation is attributable to the one continuing activity of the company, the sale of paper and paper related products.  
Profit on ordinary activities before taxation is stated after:

	<u>2006</u>	<u>2005</u>
	£	£
Depreciation - owned assets	1,284	1,677
Depreciation - assets on hire purchase	5,219	2,165
Operating lease rental - property	6,938	6,772
Interest received	90	37
	<u>90</u>	<u>37</u>

**2. Net interest**

	<u>2006</u>	<u>2005</u>
	£	£
Bank overdraft interest	1	53
Finance charges in respect of hire purchase agreements	1,049	477
Interest receivable	-90	-37
Net interest	<u>960</u>	<u>493</u>

**3. Employee information**

Staff costs during the year were as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Wages and salaries	80,144	73,662
Social Security costs	7,188	6,611
	<u>87,332</u>	<u>80,273</u>

The average number of employees in the year was 5 including the directors (2005:5).

Remuneration in respect of the Directors was:

	<u>2006</u>	<u>2005</u>
	£	£
Management remuneration and benefits	<u>54,014</u>	<u>50,301</u>



**4. Tax on profit on ordinary activities**

The taxation charge on the result for the year is made up as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Deferred tax (note 10)	28	58
Corporation tax at 19% (2005:19%)	7,237	6,111
	<u>7,265</u>	<u>6,169</u>

**5. Dividends**

	<u>2006</u>	<u>2005</u>
	£	£
Paid in the year - £257.84 per ordinary share	<u>25,784</u>	<u>23,442</u>

**6. Tangible fixed assets**

	<b>Total</b>	<b>Leasehold</b>	<b>Motor</b>	<b>Plant and</b>
	<b>£</b>	<b>Improvements</b>	<b>Vehicles</b>	<b>equipment</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2005	25,126	1,555	7,995	15,576
Additions	18,644	-	11,432	7,212
	43,770	1,555	19,427	22,788
Disposals	7,995	-	7,995	-
At 31 March 2006	35,775	1,555	11,432	22,788
<b>Depreciation</b>				
At 1 April 2005	15,872	1,553	4,622	9,697
Provided in the year	6,503	-	2,857	3,646
	22,375	1,553	7,479	13,343
Eliminated on disposals	4,622	-	4,622	-
At 31 March 2006	17,753	1,553	2,857	13,343
<b>Net book amount</b>				
At 31 March 2006	18,022	2	8,575	9,445
At 31 March 2005	9,254	2	3,373	5,879

The figures stated above include motor vehicles and computer equipment held under hire purchase contracts with a net book amount of £10,939 (2005:£4,329).

**7. Debtors**

	<u>2006</u>	<u>2005</u>
	£	£
Trade debtors	114,981	105,657
Other debtors	1,000	1,000
	<u>115,981</u>	<u>106,657</u>

**8. Creditors: amounts falling due within one year**

	<u>2006</u>	<u>2005</u>
	£	£
Bank overdraft	4,655	7,194
Trade creditors	89,041	81,113
Amounts due under hire purchase agreements	5,014	2,354
Other creditors:		
Social Security and other taxes	25,539	21,161
Accruals	3,506	2,380
	<u>127,755</u>	<u>114,202</u>

**Borrowings are repayable as follows:  
In instalments**

	<u>2006</u>	<u>2005</u>
	£	£
Within one year		
Hire purchase	5,014	2,354
After one and within two years		
Hire purchase	3,150	2,176
After two and within five years		
Hire purchase	836	-
	<u>9,000</u>	<u>4,530</u>

The figures stated above include liabilities in respect of motor vehicles and computer equipment held under hire purchase contracts with a net book amount of £10,939 (2005:£4,329).

**9. Creditors: amounts falling due after more than one year**

	<u>2006</u>	<u>2005</u>
	£	£
Amounts due under hire purchase agreements	<u>3,986</u>	<u>2,176</u>

**10. Provisions for liabilities**

**Deferred taxation**

The company has the following liability to deferred taxation all of which is provided in the financial statements.

	<u>2006</u>	<u>2005</u>
	£	£
Accelerated capital allowances	<u>688</u>	<u>660</u>

**11. Called up share capital**

	<u>2006</u> £	<u>2005</u> £
Authorised		
10000 ordinary shares of £1 each	10,000	10,000
Allotted called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**12. Reconciliation of movements in shareholders' funds and reserves**

	Profit and Loss Account	Movement in Shareholders' Funds	
	Account £	<u>2006</u> £	<u>2005</u> £
At 1 April 2005	15,214	15,314	14,369
Profit for the financial year	6,069	6,069	945
At 31 March 2006	<u>21,283</u>	<u>21,383</u>	<u>15,314</u>

**13. Leasing commitments**

The company entered into a three year lease on its business premises at a rent of £6,772 per annum.

**14. Transactions with related parties**

None to report.