

PAPER SPECTRUM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1999

Company no 2994025



PAPER SPECTRUM LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1999

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 1999

INDEX

	PAGE
Report of the directors	1
Principal accounting policies	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5-8

REPORT OF THE DIRECTORS

The directors present their fourth report together with financial statements for the year ended 31 March 1999.

Principal activity

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

Review of the business

The company's trading position showed further improvement during the year with increased sales. The reduction in net profit reflected increased overheads but the directors are confident that sales will continue to develop in the current year.

There was a profit for the year after taxation amounting to £700 (1998: £4,591). The directors do not recommend the payment of a dividend and the profit has been transferred to reserves.

Directors

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

Mr T B Herbert 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 1998 and 31 March 1999 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	1999 and 1998
	Ordinary shares
Mr T B Herbert	50
Mr C J Roberts	50

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
Director

Registered office:

Unit 12
Abbey Business Court
Wallingford Road
Leicester
LE4 5RD

Date: 20 September 1999

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and on a going concern basis which assumes the continued support of the Directors.

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 on the reducing balance method over their expected useful lives. The periods and rates generally applicable are:

Improvements to leasehold property	over three years
Motor vehicles	25% per annum
Computer equipment	25% per annum
Office Equipment	25% per annum
Plant and machinery	15% per annum

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.

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover	1	274,698	252,253
Cost of sales		<u>198,605</u>	<u>181,670</u>
Gross profit		76,093	70,583
Administrative expenses		<u>74,338</u>	<u>63,870</u>
Operating profit		1,755	6,713
Net interest		<u>915</u>	<u>927</u>
Profit on ordinary activities before taxation	1	840	5,786
Tax on profit on ordinary activities	4	140	1,195
Profit on ordinary activities for the financial period transferred to reserves	1 and 11	<u>700</u>	<u>4,591</u>

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

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

BALANCE SHEET

At 31 March 1999

	Note	1999 £	1999 £	1998 £
Fixed assets				
Tangible assets	5		21,542	11,196
Current assets				
Stock		4,606		3,381
Debtors	6	60,698		59,111
Bank and cash balances		<u>2,808</u>		<u>16,639</u>
		68,112		79,131
Creditors: amounts falling due within one year	7	<u>71,240</u>		<u>78,277</u>
Net current liabilities/assets			-3,128	<u>854</u>
Total assets less current liabilities			18,414	12,050
Creditors: amounts falling due after more than one year	8		-6,873	-1,763
Provisions	9		<u>-554</u>	<u>-</u>
			<u>10,987</u>	<u>10,287</u>
Capital and reserves				
Called up share capital	10		100	100
Profit and loss account	11		<u>10,887</u>	<u>10,187</u>
			<u>10,987</u>	<u>10,287</u>

"For the year ended 31 March 1999, the company was exempt from audit of its financial statements under Section 249A(1) of the Companies Act 1985. No notice has been deposited by the members under Section 249B(2) calling for an audit in relation to these financial statements.

We acknowledge our responsibilities for:

-ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and preparing financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of its profit for the financial period in accordance with the requirements of Section 226, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the company."

The financial statements were approved by the Board of Directors on 20 September 1999

T B Herbert
Director



C J Roberts
Director



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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

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 products.

Profit on ordinary activities before taxation is stated after:

	<u>1999</u>	<u>1998</u>
	£	£
Depreciation owned assets	826	1,609
assets on hire purchase	2,228	2,598
Operating lease rental - property	6,439	6,385
Interest received	262	250

2. Net interest

	<u>1999</u>	<u>1998</u>
	£	£
Finance charges in respect of hire purchase agreements	1,177	1,177
Interest receivable	<u>262</u>	<u>250</u>
Net interest	<u>915</u>	<u>927</u>

3. Employee information

Staff costs during the year were as follows:

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	33,352	34,248
Social security costs	4,046	3,524
Other pension costs	<u>3,000</u>	<u>1,500</u>
	<u>40,398</u>	<u>39,272</u>

The average number of employees in the year was 3 including the directors (1998: The only employees of the company during the period were the two Directors).

	<u>1999</u>	<u>1998</u>
	£	£
Remuneration in respect of the Directors was:		

Management remuneration and benefits	38,657	35,584
Contributions to personal pension policies for the directors	<u>3,000</u>	<u>1,500</u>
	<u>41,657</u>	<u>37,084</u>

4. Tax on profit on ordinary activities

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

	<u>1999</u>	<u>1998</u>
	£	£
Corporation tax at 21% (1998:21%)	-414	1,195
Deferred tax (note 8)	<u>554</u>	<u>-</u>
Total for the year	<u>140</u>	<u>1,195</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

5. Tangible fixed assets

	Total	Leasehold	Motor	Plant and
	£	Improvements	Vehicles	equipment
		£	£	£
Cost				
At 1 April 1998	24,067	1,555	16,042	6,470
Additions in the year	<u>13,400</u>	-	<u>13,400</u>	-
	37,467	1,555	29,442	6,470
Disposals in the year	-	-	-	-
At 31 March 1999	<u>37,467</u>	<u>1,555</u>	<u>29,442</u>	<u>6,470</u>
Depreciation				
At 1 April 1998	12,871	1,553	8,249	3,069
Additions in the year	<u>3,054</u>	-	<u>2,228</u>	<u>826</u>
	15,925	1,553	10,477	3,895
Disposals in the year	-	-	-	-
At 31 March 1999	<u>15,925</u>	<u>1,553</u>	<u>10,477</u>	<u>3,895</u>
Net book amount				
At 31 March 1999	<u>21,542</u>	<u>2</u>	<u>18,965</u>	<u>2,575</u>
At 31 March 1998	<u>11,196</u>	<u>2</u>	<u>7,793</u>	<u>3,401</u>

The figures stated above include motor vehicles held under hire purchase contracts with a net book amount of £18,965 (1998: £7,793).

6. Debtors

	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	58,452	56,340
Sundry debtors	1,000	1,000
Corporation tax repayable	414	-
Prepayments	<u>832</u>	<u>1,771</u>
	<u>60,698</u>	<u>59,111</u>

7. Creditors: amounts falling due within one year

	<u>1999</u>	<u>1998</u>
	£	£
Trade creditors	49,402	58,307
Amounts due under hire purchase agreements	3,891	3,434
Corporation tax	-	1,195
Social Security and other taxes	6,362	4,290
Directors' current accounts	9,682	8,828
Accruals	<u>1,903</u>	<u>2,223</u>
	<u>71,240</u>	<u>78,277</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

Borrowings are repayable as follows:

	<u>1999</u> £	<u>1998</u> £
Within one year		
Hire purchase	3,891	3,434
Directors' current accounts	9,682	8,828
After one and within two years		
Hire purchase	2,373	1,640
After two and within five years		
Hire purchase	<u>4,500</u>	<u>123</u>
	<u>20,446</u>	<u>14,025</u>

The figures stated above include liabilities in respect of motor vehicles held under hire purchase contracts with a net book amount of £18,965 (1998:£7,793).

8. Creditors: amounts falling due after more than one year

	<u>1999</u> £	<u>1998</u> £
Amounts due under hire purchase agreements	<u>6,873</u>	<u>1,763</u>

9. Provisions - Deferred taxation

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

	<u>1999</u> £	<u>1998</u> £
Accelerated capital allowances	554	-

At 31 March 1998, the company had a deferred asset of £2 in respect of accelerated capital allowances, not provided in the financial statements.

10. Called up share capital

	<u>1999</u> £	<u>1998</u> £
Authorised		
10,000 ordinary shares of £1	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1	<u>100</u>	<u>100</u>

11. Reconciliation of movements in shareholders' funds and reserves

	Profit and loss Account £	Movement in shareholders' funds	
		<u>1999</u> £	<u>1998</u> £
At 1 April 1998	10,287	10,287	5,696
Profit for the financial year	<u>700</u>	<u>700</u>	<u>4591</u>
At 31 March 1999	<u>10,987</u>	<u>10,987</u>	<u>10,287</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

12. Leasing commitments

The company has entered into a three year lease on its business premises at a rent of £6,386 per annum. The lease expired in March 1998 and renewal is being negotiated.

13. Transactions with related parties

The Directors are both partners in the business of Papertec which supplies collated paper products to the company on a normal arm's length basis. The value of purchases by the company from Papertec in the year ended 31 March 1999 was £14,080 (1998:£17,965) and the amount owing to the partnership at 31 March 1999 was £3,854 (1998: £8,159).

The directors have made interest free loans to the company as follows:

	<u>1999</u>	<u>1998</u>
	£	£
T B Herbert	3,551	4,052
C J Roberts	<u>6,131</u>	<u>4,776</u>
	<u>9,682</u>	<u>8,828</u>