esp2office

Report 2002

esp2office Ltd

(formerly Growasset Ltd)

Registered number 4283047

CONTENTS

DIRECTORS AND ADVISORS

Directors
R. C. Peck (Chairman)
M. A. Cunningham

Secretary
M. A. Cunningham

Auditors
PricewaterhouseCoopers LLP
The Atrium
St Georges Street
Norwich
NR3 1AG

Solicitors
HammondSuddardsEdge
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Registered office
St Crispins
Duke Street
Norwich
NR3 1PD

Registered in England and Wales
4283047

esp2office

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 455 days from 3 October 2001 to 31 December 2002.

RESULTS AND DIVIDENDS

The loss for the period is £405,000. No taxation is payable. The directors do not propose a dividend.

REVIEW OF THE BUSINESS

The Company changed its name from Growasset Ltd to esp2office Ltd on 23 November 2001. esp2office Ltd commenced trading in December 2001, supplying smaller businesses and individuals with office supplies.

FUTURE DEVELOPMENTS

The Company has undertaken a significant programme of investment during 2002. This has produced substantial organic growth which the directors believe will lead to profits being generated in the latter part of 2003.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and held office at 31 December 2002 were as follows:
R. C. Peck (appointed 3 October 2001)
M. A. Cunningham (appointed 3 October 2001)

The directors are also directors of the ultimate parent company, office2office plc, and their interests in the shares of Group companies are disclosed in those financial statements.

On incorporation the director and secretary who subsequently resigned on 3 October 2001 were Instant Companies Limited and Swift Incorporations Limited respectively.

EQUAL OPPORTUNITIES

The Company is fully committed to a policy that provides all employees with equality of opportunity for employment, training, career development and selection on the basis of ability, qualifications and suitability for the job. Senior management, managers and employees are required to promote equality of opportunity and to take full account of the policy in their day to day work.

ISSUE OF SHARE CAPITAL

On incorporation 1 ordinary share was issued and the amount owing was settled through the intercompany balance with the parent company. The nominal value of this share was £1 and the consideration received was £1.

DONATIONS

No donations were made to any charitable or political organisation in the period.

esp2office

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 455 days to 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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

Following the resignation of Ernst & Young LLP as the Company's auditor effective 1 September 2002, an ordinary resolution was passed to appoint PricewaterhouseCoopers. Subsequently, following the resignation of PricewaterhouseCoopers as the Company's auditor, PricewaterhouseCoopers LLP were appointed to fill the resulting casual vacancy.

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

For and on behalf of the Board

M. A. Cunningham
Secretary
29 April 2003

esp2office

INDEPENDENT AUDITORS' REPORT

to the members of esp2office Ltd

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit 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 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 at 31 December 2002, of its loss for the 455 days then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditor
Norwich
29 April 2003

PROFIT AND LOSS ACCOUNT
for the 455 days ended 31 December 2002

	Notes	*Period ended 31 Dec 02* *£000*
Turnover	*2*	**693**
Cost of sales		488
Gross profit		**205**
Distribution costs		99
Administrative expenses		658
Total operating expenses		757
Operating loss	*3*	**(552)**
Net interest payable and other similar charges		-
Loss on ordinary activities before taxation		**(552)**
Tax on profit on ordinary activities	*6*	147
Retained loss for the period	*13*	**(405)**

There were no gains or losses in the period other than the loss for the period after taxation.

All amounts included in the profit and loss account relate solely to continuing operations.

There is no difference between the results for the 455 days stated above and their historical cost equivalent.

esp2office

BALANCE SHEET
as at 31 December 2002

	Notes	31 Dec 02 £000
Fixed assets		
Tangible assets	7	47
		47
Current assets		
Debtors	8	158
Creditors: amounts falling due within one year	10	(610)
Net current liabilities		(452)
Total assets less current liabilities		(405)
Financed by		
Capital and reserves		
Called up share capital	12	-
Profit and loss account	13	(405)
Total shareholders' deficit	14	(405)
		(405)

The financial statements on pages 5 to 13 were approved by the Board of Directors on 29th April 2003 and were signed on its behalf by:

R. C. Peck
Chairman

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting polices which have been applied consistently are set out below.

Deferred taxation
In accordance with Financial Reporting Standard 19, Deferred Tax, an undiscounted provision is made for deferred tax using the incremental liability method for timing differences between profits as stated in the financial statements and as computed for taxation purposes.

Depreciation
Depreciation commences in the month that assets are fully installed and commissioned.
Depreciation is provided on a straight line basis on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Plant and machinery	-	over 5 to 15 years
Other assets	-	over 3 to 10 years

Leasing and hire purchase commitments
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Cashflow and Related Party Disclosures
The Company is a wholly-owned subsidiary and is included in the consolidated financial statements of office2office plc, whose financial statements are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1.

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the office2office plc group.

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, exclusive of VAT.

The Company operates within one principal geographical market, the United Kingdom, and substantially all sales are made within the United Kingdom.

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

3. OPERATING LOSS

Operating loss is stated after charging:

		455 days ended 31 Dec 02
		£000
Depreciation	- owned assets	23
Operating lease rentals	- vehicles	5

The cost of the auditors has been borne by Banner Business Supplies Ltd. No specific recharge has been made.

4. DIRECTORS' REMUNERATION

None of the directors received any remuneration from the company but were remunerated in other office2office plc group companies for their services to the group as a whole which is disclosed in those consolidated financial statements.

No recharge for any of their services was made to the company and no apportionment of their total remuneration for these services is practicable.

5. STAFF COSTS

	455 days ended 31 Dec 02
	£000
Wages and salaries	271
Social security costs	27
Other pension costs	13
	311

The average monthly number of employees during the period was made up as follows:

	455 days ended 31 Dec 02
	No.
Sales and marketing	11
	11

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	455 days ended 31 Dec 02
	£000
Based on loss for the 455 days ended 31 December 2002	
United Kingdom corporation tax at 30%	
Current	-
Deferred (see Note 9)	147
	147

The current tax charge for the period differs from the standard rate of Corporation Tax of 30%. The differences are explained below:

	455 days ended 31 Dec 02
	£000
Loss on ordinary activities before tax	(552)
Profit on ordinary activities at the standard rate of corporation tax of 30%	(166)
Tax effects (at 30%) of:	
Group relief	19
Losses carried forward	147
Current tax charge for the period	-

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

7. TANGIBLE FIXED ASSETS

	Short leasehold land and building improvements	*Plant and machinery*	*Office equipment*	*Software projects in progress*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Cost:					
As at 3 October 2001	-	-	-	-	-
Additions at cost	17	38	17	15	87
Disposals	-	(28)	-	-	(28)
As at 31 December 2002	17	10	17	15	59
Depreciation:					
As at 3 October 2001	-	-	-	-	-
Charge for the period	(2)	(16)	(5)	-	(23)
Disposals	-	11	-	-	11
As at 31 December 2002	(2)	(5)	(5)	-	(12)
Net book value at 31 December 2002	15	5	12	15	47

Disposals during the period were for transfers to another group company.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 02
	£000
Prepayments and accrued income	11
Deferred tax (see Note 9)	147
	158

esp2office

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

9. DEFERRED TAX

The deferred taxation recognised in the financial statements is as follows:-

	31 Dec 02
	£000
Tax effect of timing differences:	
Excess of qualifying tax allowances over depreciation	(1)
Unutilised losses	148
	147

	31 Dec 02
	£000
At 3 October 2001	-
Credited to profit and loss account	147
At 31 December 2002	147

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 02
	£000
Amounts owed to other Group companies	563
Accruals	47
	610

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

11. OBLIGATIONS UNDER LEASES

Annual commitments under non-cancellable operating leases are as follows;

	Vehicles
	31 Dec 02
Operating leases which expire:	*£000*
Within one year	-
Between two & five years	11
Over five years	-
	11

12. SHARE CAPITAL

	31 Dec 02	
Authorised	*No.*	*£*
Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

	31 Dec 02	
Allotted, called up and fully paid	*No.*	*£*
Ordinary shares of £1 each	1	1
	1	1

On incorporation 1 ordinary share was issued and the amount owing was settled through the intercompany balance with the parent company. The nominal value of this share was £1 and the consideration received was £1.

13. RESERVES

	Profit & loss account £000
As at 3 October 2001	-
Retained loss for the period	(405)
As at 31 December 2002	(405)

NOTES TO THE ACCOUNTS
for the 455 days ended 31 December 2002

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	31 Dec 02
	£000
Loss for the period	(405)
Net proceeds of issue of ordinary share capital (see Note 12)	-
Net deficit to shareholders	(405)
Opening shareholders' funds	-
Closing shareholders' deficit	(405)

15. CAPITAL COMMITMENTS

There are no amounts contracted for but not provided in the accounts.

16. PENSION COMMITMENTS

The Company contributes to a group personal pension arrangement and to employees' own personal pension arrangements at rates varying between 6% and 10% of pensionable earnings.

17. PARENT UNDERTAKING

The directors consider that the Company's ultimate parent undertaking is office2office plc, a company registered in England and Wales whose accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors believe the ultimate controlling party to be Gresham Trust LLP (formerly known as Gresham Trust plc) by virtue of its shareholding in office2office plc as defined by Financial Reporting Standard 8 'Related Party Disclosures'.

There are no related party transactions requiring disclosure in this periods accounts in accordance with Financial Reporting Standard 8.