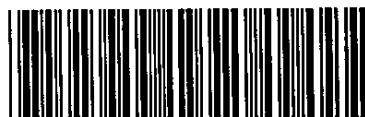


REGISTERED NUMBER: 04532416 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
TOTALPOST SERVICES PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2011**

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TOTALPOST SERVICES PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

D Hymers
W J Wright
J W Leach
B P Qualey

SECRETARY

B E A Lenton

REGISTERED OFFICE

1 Skelgillside
Alston
Cumbria
CA9 3TR

REGISTERED NUMBER

04532416 (England and Wales)

AUDITORS

Christian Douglass LLP
Chartered Accountants &
Registered Auditors
2 Jordan Street
Knott Mill
Manchester
M15 4PY

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture, development and distribution of mailroom equipment

REVIEW OF BUSINESS

GENERAL REVIEW

Sales and profits have increased this year. We have grown the cartridge business very well with good growth in export business and a general increase in the number of available products which has benefited existing accounts. We have utilised a professional PR firm to raise our awareness in the eyes of our marketplace which has worked extremely well in terms of recognition of brand and logo and has produced interestingly high level contacts and opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

Although the general economic environment remains fragile, the directors remain confident that the Company's strategic growth targets will be met in the medium and long term, and that sales will continue to grow and profits be maintained. Credit risk is considered low due to an efficient credit control function and no history of bad debts. The Company is exposed to foreign currency risks as it trades in both EUR and USD, although the directors monitor movements in exchange rates and operate separate bank accounts for each currency type.

BUSINESS DEVELOPMENT AND PERFORMANCE

With a steady increase of over 10% in sales in the year, our margin suffered more than anticipated, but having established many new customers and delivered many improvements in manufacturing processes by bringing production processes in house this initially increased costs but is already improving margin rapidly. We have improved quality and on time delivery of product and have gained entry into key stationery catalogues in the latter part of the year which will also deliver many sales benefits to follow.

DIVIDENDS

Dividends of £7,000 (2010: £nil) were paid during the year. The directors do not recommend a final dividend.

FUTURE DEVELOPMENTS

Our plan is to improve field sales coverage by introducing territory sales managers across the UK to promote our hardware products and also to promote our processing services for mailing work and returned mail processing. This will be supervised by a professional National Sales Manager who will be responsible for major accounts as well as management and mentoring. We are increasing our cartridge production capacity by a further 50% and moving to a 2 shift production system to cope with demand.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

D Hymers
W J Wright
J W Leach
B P Qualey

COMPANY'S POLICY ON PAYMENT OF CREDITORS

Whilst no formal code of payment practice is followed, the Company policy is to agree the terms of payment with creditors when negotiating each transaction and to abide by the agreed terms. Should there be a need for a variance, the supplier is consulted.

There are no specific creditors subject to special arrangements outside of the suppliers' terms and conditions.

Most suppliers are paid within 90 days. Information in relation to supplier payment terms is included on the individual supplier accounts.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

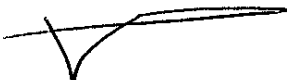
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Christian Douglass LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



D Hymers - Director

14 March 2012

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TOTALPOST SERVICES PLC**

We have audited the financial statements of Totalpost Services Plc for the year ended 31 December 2011 on pages five to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mrs Deborah Burton F C A (Senior Statutory Auditor)

for and on behalf of Christian Douglass LLP

Chartered Accountants &

Registered Auditors

2 Jordan Street

Knott Mill

Manchester

M15 4PY

Date

22 March 2012

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Notes | 31 12 11 £ | £ | 31 12 10 £ | £ |
|--|-------|---------------|-----------|---------------|-----------|
| TURNOVER | 2 | | 2,172,505 | | 1,945,907 |
| Cost of sales | | | 1,042,785 | | 731,212 |
| GROSS PROFIT | | | 1,129,720 | | 1,214,695 |
| Distribution costs | | 55,982 | | 10,664 | |
| Administrative expenses | | 1,001,626 | | 1,119,489 | |
| | | | 1,057,608 | | 1,130,153 |
| | | | 72,112 | | 84,542 |
| Other operating income | | | 488 | | 955 |
| OPERATING PROFIT | 4 | | 72,600 | | 85,497 |
| Profit on sale of certain maintenance contracts | | | 109,049 | | - |
| | | | 181,649 | | 85,497 |
| Interest receivable and similar income | 5 | | - | | 25 |
| | | | 181,649 | | 85,522 |
| Interest payable and similar charges | 6 | | 44,953 | | 19,335 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 136,696 | | 66,187 |
| Tax on profit on ordinary activities | 7 | | 46,621 | | 13,341 |
| PROFIT FOR THE FINANCIAL YEAR | | | 90,075 | | 52,846 |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

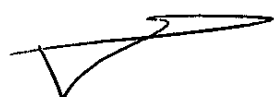
TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

BALANCE SHEET
31 DECEMBER 2011

| | Notes | 31 12 11 £ | £ | 31 12 10 £ | £ |
|--|-------|---------------|-----------|---------------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 355,789 | | 383,078 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 474,508 | | 533,396 | |
| Debtors | 11 | 406,385 | | 455,449 | |
| | | 880,893 | | 988,845 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 12 | 486,948 | | 877,048 | |
| NET CURRENT ASSETS | | | 393,945 | | 111,797 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 749,734 | | 494,875 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 13 | | (278,969) | | (118,185) |
| PROVISIONS FOR LIABILITIES | 17 | | (43,000) | | (32,000) |
| NET ASSETS | | | 427,765 | | 344,690 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 50,000 | | 50,000 |
| Profit and loss account | 19 | | 377,765 | | 294,690 |
| SHAREHOLDERS' FUNDS | 23 | | 427,765 | | 344,690 |

The financial statements were approved by the Board of Directors on 14 March 2012 and were signed on its behalf by



D Hyman - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Notes | 31 12 11 £ | £ | 31 12 10 £ | £ |
|--|-------|---------------|-----------|---------------|----------|
| Net cash (outflow)/inflow from operating activities | 1 | | (193,939) | | 66,488 |
| Returns on investments and servicing of finance | 2 | | (44,953) | | (19,310) |
| Taxation | | | (31,131) | | - |
| Capital expenditure | 2 | | (20,313) | | (64,411) |
| Acquisitions and disposals | 2 | | 109,049 | | - |
| Equity dividends paid | | | (7,000) | | - |
| | | | (188,287) | | (17,233) |
| Financing | 2 | | 188,137 | | (36,879) |
| Decrease in cash in the period | | | (150) | | (54,112) |

Reconciliation of net cash flow to movement in net debt

| | | | | | |
|--|---|-----------|-----------|----------|-----------|
| | 3 | | | | |
| Decrease in cash in the period | | (150) | | (54,112) | |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | | (188,137) | | 6,879 | |
| Change in net debt resulting from cash flows | | | (188,287) | | (47,233) |
| Movement in net debt in the period | | | (188,287) | | (47,233) |
| Net debt at 1 January | | | (238,704) | | (191,471) |
| Net debt at 31 December | | | (426,991) | | (238,704) |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | 31 12 11 | 31 12 10 |
|--|------------------|---------------|
| | £ | £ |
| Operating profit | 72,600 | 85,497 |
| Depreciation charges | 45,785 | 64,219 |
| Loss on disposal of fixed assets | 1,817 | - |
| Decrease/(Increase) in stocks | 58,888 | (19,298) |
| Decrease/(Increase) in debtors | 49,064 | (184,067) |
| (Decrease)/Increase in creditors | (422,093) | 120,137 |
| Net cash (outflow)/inflow from operating activities | (193,939) | 66,488 |

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 31 12 11 | 31 12 10 |
|---|-----------------|-----------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | - | 25 |
| Interest paid | (37,660) | (12,282) |
| Interest element of hire purchase payments | (7,293) | (7,053) |
| Net cash outflow for returns on investments and servicing of finance | (44,953) | (19,310) |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (51,402) | (64,411) |
| Sale of tangible fixed assets | 31,089 | - |
| Net cash outflow for capital expenditure | (20,313) | (64,411) |
| Acquisitions and disposals | | |
| Proceeds for sale of business | 109,049 | - |
| Net cash inflow for acquisitions and disposals | 109,049 | - |
| Financing | | |
| New loans in year | 350,000 | - |
| Loan repayments in the year | (76,679) | (50,000) |
| Capital repayments in the year | (48,544) | (45,517) |
| Movement in Directors' loans | (36,640) | 58,638 |
| Net cash inflow/(outflow) from financing | 188,137 | (36,879) |

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

3 ANALYSIS OF CHANGES IN NET DEBT

| | At 1 1 11 £ | Cash flow £ | At 31 12 11 £ |
|--------------------------------------|------------------|------------------|---------------------|
| Net cash | | | |
| Cash at bank | - | - | - |
| Bank overdraft | (21,131) | (150) | (21,281) |
| | <u>(21,131)</u> | <u>(150)</u> | <u>(21,281)</u> |
| Debt | | | |
| Hire purchase | (53,935) | 48,544 | (5,391) |
| Debts falling due within one year | (50,000) | (71,350) | (121,350) |
| Debts falling due after one year | (113,638) | (165,331) | (278,969) |
| | <u>(217,573)</u> | <u>(188,137)</u> | <u>(405,710)</u> |
| Total | <u>(238,704)</u> | <u>(188,287)</u> | <u>(426,991)</u> |

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

| | |
|--------------------------|---------------------------|
| Improvements to property | - 10% on reducing balance |
| Plant and machinery | - 10% on reducing balance |
| Fixtures and fittings | - 20% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Research and development

Expenditure on research and development is written off in the year in which it is incurred

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads, where applicable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 20112 **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

| | 31 12 11 £ | 31 12 10 £ |
|----------------------------|------------------|------------------|
| United Kingdom | 1,451,715 | 1,585,914 |
| Europe, N America, SE Asia | 720,790 | 359,993 |
| | <u>2,172,505</u> | <u>1,945,907</u> |

3 **STAFF COSTS**

| | 31 12 11 £ | 31 12 10 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 462,854 | 598,883 |
| Social security costs | 42,361 | 57,646 |
| Other pension costs | 6,595 | 7,971 |
| | <u>511,810</u> | <u>664,500</u> |

The average monthly number of employees during the year was as follows

| | 31 12 11 | 31 12 10 |
|----------------|-----------|-----------|
| Management | 3 | 3 |
| Administration | 6 | 8 |
| Engineering | 14 | 17 |
| Sales | 1 | 3 |
| | <u>24</u> | <u>31</u> |

4 **OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

| | 31 12 11 £ | 31 12 10 £ |
|--|---------------|---------------|
| Hire of plant and machinery | 478 | 425 |
| Other operating leases | 82,939 | 71,097 |
| Depreciation - owned assets | 35,931 | 32,549 |
| Depreciation - assets on hire purchase contracts | 9,854 | 31,670 |
| Loss on disposal of fixed assets | 1,817 | - |
| Auditors' remuneration | 7,200 | 6,800 |
| Foreign exchange differences | (488) | (955) |
| | <u>81,550</u> | <u>78,039</u> |
| Directors' remuneration | 5,400 | 5,040 |
| Directors' pension contributions to money purchase schemes | | |

The number of directors to whom retirement benefits were accruing was as follows

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|----------|----------|

5 **INTEREST RECEIVABLE AND SIMILAR INCOME**

| | 31 12 11 £ | 31 12 10 £ |
|--------------------------|---------------|---------------|
| Deposit account interest | - | 25 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

6 INTEREST PAYABLE AND SIMILAR CHARGES

| | 31 12 11 £ | 31 12 10 £ |
|----------------|---------------|---------------|
| Bank interest | 19,508 | 12,282 |
| Other interest | 18,152 | - |
| Hire purchase | 7,293 | 7,053 |
| | <u>44,953</u> | <u>19,335</u> |

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

| | 31 12 11 £ | 31 12 10 £ |
|--------------------------------------|---------------|---------------|
| Current tax | | |
| UK corporation tax | 30,000 | 13,600 |
| Prior year tax | 5,621 | 41 |
| Total current tax | <u>35,621</u> | <u>13,641</u> |
| Deferred tax | <u>11,000</u> | <u>(300)</u> |
| Tax on profit on ordinary activities | <u>46,621</u> | <u>13,341</u> |

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

| | 31 12 11 £ | 31 12 10 £ |
|--|----------------|---------------|
| Profit on ordinary activities before tax | <u>136,696</u> | <u>66,187</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2010 - 21%) | 28,706 | 13,899 |
| Effects of | | |
| Depreciation | 9,615 | 13,485 |
| Capital allowances | (15,357) | (13,889) |
| Permanent timing differences | 7,036 | 105 |
| Effect of adjustments to prior year | 5,621 | 41 |
| Current tax charge | <u>35,621</u> | <u>13,641</u> |

8 DIVIDENDS

| | 31 12 11 £ | 31 12 10 £ |
|----------------------------|---------------|---------------|
| Ordinary shares of £1 each | | |
| Interim | <u>7,000</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

9 TANGIBLE FIXED ASSETS

| | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|----------------|
| COST | | | | | |
| At 1 January 2011 | 63,159 | 305,588 | 60,593 | 164,167 | 593,507 |
| Additions | 13,113 | 20,682 | 5,607 | 12,000 | 51,402 |
| Disposals | - | - | - | (74,000) | (74,000) |
| At 31 December 2011 | <u>76,272</u> | <u>326,270</u> | <u>66,200</u> | <u>102,167</u> | <u>570,909</u> |
| DEPRECIATION | | | | | |
| At 1 January 2011 | 12,415 | 102,388 | 31,132 | 64,494 | 210,429 |
| Charge for year | 6,385 | 22,388 | 7,094 | 9,918 | 45,785 |
| Eliminated on disposal | - | - | - | (41,094) | (41,094) |
| At 31 December 2011 | <u>18,800</u> | <u>124,776</u> | <u>38,226</u> | <u>33,318</u> | <u>215,120</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2011 | <u>57,472</u> | <u>201,494</u> | <u>27,974</u> | <u>68,849</u> | <u>355,789</u> |
| At 31 December 2010 | <u>50,744</u> | <u>203,200</u> | <u>29,461</u> | <u>99,673</u> | <u>383,078</u> |

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

| | Motor vehicles £ |
|------------------------|------------------------|
| COST | |
| At 1 January 2011 | 164,167 |
| Additions | 12,000 |
| Disposals | (74,000) |
| Transfer to ownership | (46,800) |
| At 31 December 2011 | <u>55,367</u> |
| DEPRECIATION | |
| At 1 January 2011 | 64,494 |
| Charge for year | 9,854 |
| Eliminated on disposal | (41,094) |
| Transfer to ownership | (7,447) |
| At 31 December 2011 | <u>25,807</u> |
| NET BOOK VALUE | |
| At 31 December 2011 | <u>29,560</u> |
| At 31 December 2010 | <u>99,673</u> |

10 STOCKS

| | 31 12 11 £ | 31 12 10 £ |
|--------|----------------|----------------|
| Stocks | <u>474,508</u> | <u>533,396</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

| | | | |
|-----------|---|-----------------|-----------------|
| 11 | DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR | 31 12 11 | 31 12 10 |
| | | £ | £ |
| | Trade debtors | 295,323 | 174,456 |
| | Other debtors | 92,431 | 268,277 |
| | Prepayments and accrued income | 18,631 | 12,716 |
| | | <u>406,385</u> | <u>455,449</u> |
| 12 | CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR | 31 12 11 | 31 12 10 |
| | | £ | £ |
| | Bank loans and overdrafts (see note 14) | 142,631 | 71,131 |
| | Hire purchase contracts (see note 15) | 5,391 | 49,388 |
| | Trade creditors | 224,651 | 190,660 |
| | Tax | 36,831 | 32,341 |
| | Social security and other taxes | 37,073 | 258,189 |
| | VAT | 4,228 | 170,213 |
| | Other creditors | 26,169 | 17,302 |
| | Accruals and deferred income | 9,974 | 87,824 |
| | | <u>486,948</u> | <u>877,048</u> |
| 13 | CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 31 12 11 | 31 12 10 |
| | | £ | £ |
| | Bank loans (see note 14) | 226,971 | 25,000 |
| | Other loans (see note 14) | 51,998 | 88,638 |
| | Hire purchase contracts (see note 15) | - | 4,547 |
| | | <u>278,969</u> | <u>118,185</u> |
| 14 | LOANS | | |
| | An analysis of the maturity of loans is given below | | |
| | | 31 12 11 | 31 12 10 |
| | | £ | £ |
| | Amounts falling due within one year or on demand | | |
| | Bank overdrafts | 21,281 | 21,131 |
| | Bank loans | 121,350 | 50,000 |
| | | <u>142,631</u> | <u>71,131</u> |
| | Amounts falling due between one and two years | | |
| | Bank loans - 1-2 years | 226,971 | 25,000 |
| | Directors loan account | 51,998 | 88,638 |
| | | <u>278,969</u> | <u>113,638</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | Hire purchase contracts | |
|----------------------------|-------------------------|---------------|
| | 31 12 11 | 31 12 10 |
| | £ | £ |
| Net obligations repayable | | |
| Within one year | 5,391 | 49,388 |
| Between one and five years | - | 4,547 |
| | <u>5,391</u> | <u>53,935</u> |

The following operating lease payments are committed to be paid

| | Land and buildings | | Other operating leases | |
|----------------------------|--------------------|---------------|------------------------|---------------|
| | 31 12 11 | 31 12 10 | 31 12 11 | 31 12 10 |
| | £ | £ | £ | £ |
| Expiring | | | | |
| Within one year | - | - | - | 758 |
| Between one and five years | 66,442 | 70,897 | 11,424 | 15,880 |
| | <u>66,442</u> | <u>70,897</u> | <u>11,424</u> | <u>16,638</u> |

16 SECURED DEBTS

The following secured debts are included within creditors

| | 31 12 11 | 31 12 10 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Bank overdrafts | 21,281 | 21,131 |
| Bank loans | 348,321 | 75,000 |
| Hire purchase contracts | 5,391 | 53,935 |
| | <u>374,993</u> | <u>150,066</u> |

Bank loans and overdrafts amounting to £246,282 (2010 £96,131) are secured by way of a debenture dated 16 April 2009, in favour of the company's bankers, incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant and machinery

The bank loans are also secured by life insurance policies in the name of the directors, in favour of the bank

In addition bank loans amounting to £123,322 (2010 £nil) are secured by a debenture dated 7 February 2011

All hire purchase contracts are secured on the assets to which they relate

17 PROVISIONS FOR LIABILITIES

| | 31 12 11 | 31 12 10 |
|--------------|---------------|---------------|
| | £ | £ |
| Deferred tax | <u>43,000</u> | <u>32,000</u> |

TOTALPOST SERVICES PLC (REGISTERED NUMBER 04532416)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

17 PROVISIONS FOR LIABILITIES - continued

| | |
|--------------------------------|----------------------|
| | Deferred tax £ |
| Balance at 1 January 2011 | 32,000 |
| Accelerated capital allowances | 11,000 |
| | <u>43,000</u> |
| Balance at 31 December 2011 | <u>43,000</u> |

18 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid Number | Class | Nominal value £1 | 31 12 11 £ | 31 12 10 £ |
|---|----------|------------------------|---------------|---------------|
| 50,000 | Ordinary | £1 | <u>50,000</u> | <u>50,000</u> |

19 RESERVES

| | |
|---------------------|------------------------------------|
| | Profit and loss account £ |
| At 1 January 2011 | 294,690 |
| Profit for the year | 90,075 |
| Dividends | (7,000) |
| | <u>377,765</u> |
| At 31 December 2011 | <u>377,765</u> |

20 CAPITAL COMMITMENTS

At the year end the Company had no capital commitments to disclose

21 RELATED PARTY DISCLOSURES

Included within debtors is a balance of £108,367 (2010 £228,458) due from Totalpost Services Inc, a company incorporated in the US which is 100% personally owned by D Hymers. During the year, sales of £48,182 (2010 £91,157) and purchases of £243,295 (2010 £nil) were made to/received from Totalpost Services Inc with further payments made to cover rent, wages and working capital costs.

During the year, the company paid a gross wage of £8,517 (2010 £8,517), and consultancy fees for maintenance work of £nil (2010 £1,231), respectively to the wife and son of the director, D Hymers.

At the balance sheet date, amounts were outstanding to the directors as follows: D Hymers £11,998 (2010 £48,368) and B P Qualey £40,000 (2010 £40,000). The director B P Qualey also received consultancy fees for professional services of £8,000 (2010 £7,240).

22 ULTIMATE CONTROLLING PARTY

The company was under the control of D Hymers throughout the current period by virtue of his 99.9% ownership of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31 12 11 | 31 12 10 |
|--|----------------|----------------|
| | £ | £ |
| Profit for the financial year | 90,075 | 52,846 |
| Dividends | (7,000) | - |
| Shares issued | | |
| Net addition to shareholders' funds | 83,075 | 52,846 |
| Opening shareholders' funds | 344,690 | 291,844 |
| Closing shareholders' funds | 427,765 | 344,690 |