

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
TOTALPOST SERVICES PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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TOTALPOST SERVICES PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

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
Statutory Auditor
2 Jordan Street
Knott Mill
Manchester
M15 4PY

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturing, development and distributing mailroom equipment, as in previous years, but with the recently obtained exclusive distribution of x ray threat detection equipment as used in mailrooms, this has been extended to provision of equipment in the airline and airport industry, cargo screening and baggage and people screening

REVIEW OF BUSINESS

GENERAL REVIEW

Sales, margins and profits have all risen, in some cases considerably, during the year with strengthening of the team, especially in the manufacturing processes. We have also brought specialist skills "in house" with the appointment of a Communications Manager to continue the growth of PR and brand/name recognition. Yet more products have been added to the cartridge portfolio to confirm our premier position in the cartridge aftermarket for compatibles and remanufactured products. All markets in UK and overseas are performing well. Two major awards during the year were Warrington (NW) "Impact Business of the Year" which recognised the part that office has played on our growth, and we also won the CN "Exporter of the Year" and are short listed for a Queens award for Export.

PRINCIPAL RISKS AND UNCERTAINTIES

In an uncertain trading climate we met and in some cases exceeded our KPI targets for 2012 and this gives us confidence for the coming year. Credit control has been strong and trading in three currencies has mitigated any major concerns on foreign exchange fluctuations especially as we use currency we hold to pay overseas bills. Competition exists but appears to be of minimum concern since we are retaining all major accounts and growing others yet have also started a programme of increased support for major dealers and customers to make sure they do not feel neglected.

BUSINESS DEVELOPMENT AND PERFORMANCE

Sales have grown by some 38% in the year and margins have been increased again by the benefit of "in house" cartridge manufacturing, with further profits being achieved across the product ranges. We have grown significant new business from nationally recognised firms through 3rd party maintenance contracts for x ray screening equipment taken from our competitors as well as major new sales of the product which after growing a team to market and service has now started to show rewards in the year, we have also now been awarded key consumables contracts with virtually all the major UK stationery catalogue companies & their dealers.

DIVIDENDS

Dividends of £Nil (2011 £7,000) were paid during the year. The directors recommend a final dividend of £36,000 as disclosed in note 22.

FUTURE DEVELOPMENTS

For the UK market we have grown the team with additional sales and service personnel to concentrate on both the x ray division and the mailroom market and this has become fully operational since December 2012. For the overseas market we have formed companies in France & in Germany as wholly owned subsidiaries of the UK business and known as Totalpost Services SAS and Totalpost Services GmbH. These companies function to both seek new business in these territories to maximise the agreements we hold for the sale of x ray systems in both in these markets and in the US, as well as provide support to local French & German dealers by offering services to them that we have not been able to provide.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

D Hymers
W J Wright
J W Leach
B P Qualey

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

COMPANY'S POLICY ON PAYMENT OF CREDITORS

Whilst no formal code or standard 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.

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.

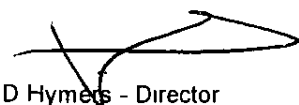
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Date

8/3/13

**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 2012 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 Report of the Directors 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 2012 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
Statutory Auditor
2 Jordan Street
Knott Mill
Manchester
M15 4PY

Date 12 March 2013

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	31 12 12 £	£	31 12 11 £	£
TURNOVER	2		3,007,190		2,172,505
Cost of sales			1,375,431		1,042,785
GROSS PROFIT			1,631,759		1,129,720
Distribution costs		75,633		55,982	
Administrative expenses		1,294,526		1,001,626	
			1,370,159		1,057,608
			261,600		72,112
Other operating income			2,168		488
OPERATING PROFIT	4		263,768		72,600
Profit on sale of certain maintenance contracts			-		109,049
			263,768		181,649
Interest payable and similar charges	5		23,382		44,953
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			240,386		136,696
Tax on profit on ordinary activities	6		47,513		46,621
PROFIT FOR THE FINANCIAL YEAR			192,873		90,075

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 2012

	Notes	31 12 12 £	£	31 12 11 £	£
FIXED ASSETS					
Tangible assets	8		272,824		355,789
Investments	9		803		-
			<u>273,627</u>		<u>355,789</u>
CURRENT ASSETS					
Stocks	10	366,969		474,508	
Debtors	11	893,950		406,385	
Cash at bank		1,168		-	
		<u>1,262,087</u>		<u>880,893</u>	
CREDITORS					
Amounts falling due within one year	12	844,038		486,948	
NET CURRENT ASSETS			<u>418,049</u>		<u>393,945</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			691,676		749,734
CREDITORS					
Amounts falling due after more than one year	13		(44,038)		(278,969)
PROVISIONS FOR LIABILITIES	17		(27,000)		(43,000)
NET ASSETS			<u><u>620,638</u></u>		<u><u>427,765</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		50,000		50,000
Profit and loss account	19		570,638		377,765
SHAREHOLDERS' FUNDS	24		<u><u>620,638</u></u>		<u><u>427,765</u></u>

The financial statements were approved by the Board of Directors on
on its behalf by

8/3/13

and were signed


D Hymers - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	31 12 12 £	£	31 12 11 £	£
Net cash inflow/(outflow) from operating activities	1		317,571		(193,939)
Returns on investments and servicing of finance	2		(23,382)		(44,953)
Taxation			(33,205)		(31,131)
Capital expenditure and financial investment	2		(38,812)		(20,313)
Acquisitions and disposals	2		-		109,049
Equity dividends paid			-		(7,000)
			<u>222,172</u>		<u>(188,287)</u>
Financing	2		(236,277)		188,137
Decrease in cash in the period			<u>(14,105)</u>		<u>(150)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(14,105)		(150)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>246,779</u>		<u>(188,137)</u>	
Change in net debt resulting from cash flows			<u>232,674</u>		<u>(188,287)</u>
Movement in net debt in the period			232,674		(188,287)
Net debt at 1 January			<u>(426,991)</u>		<u>(238,704)</u>
Net debt at 31 December			<u>(194,317)</u>		<u>(426,991)</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

	31 12 12	31 12 11
	£	£
Operating profit	263,768	72,600
Depreciation charges	90,649	45,785
Loss on disposal of fixed assets	30,325	1,817
Decrease in stocks	107,539	58,888
(Increase)/decrease in debtors	(487,565)	49,064
Increase/(decrease) in creditors	312,855	(422,093)
Net cash inflow/(outflow) from operating activities	<u><u>317,571</u></u>	<u><u>(193,939)</u></u>

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

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest paid	(21,118)	(37,660)
Interest element of hire purchase payments	(2,264)	(7,293)
Net cash outflow for returns on investments and servicing of finance	<u><u>(23,382)</u></u>	<u><u>(44,953)</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(55,959)	(51,402)
Purchase of fixed asset investments	(803)	-
Sale of tangible fixed assets	17,950	31,089
Net cash outflow for capital expenditure and financial investment	<u><u>(38,812)</u></u>	<u><u>(20,313)</u></u>
Acquisitions and disposals		
Proceeds for sale of business	-	109,049
Net cash inflow for acquisitions and disposals	<u><u>-</u></u>	<u><u>109,049</u></u>
Financing		
New loans in year	-	350,000
Loan repayments in the year	(225,609)	(76,679)
Capital repayments in the year	11,645	(48,544)
Movement in Directors' loans	(22,313)	(36,640)
Net cash (outflow)/inflow from financing	<u><u>(236,277)</u></u>	<u><u>188,137</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 12 £	Cash flow £	New Hire Purchase £	At 31 12 12 £
Net cash				
Cash at bank	-	1,168	-	1,168
Bank overdrafts	(21,281)	(15,273)	-	(36,554)
	<u>(21,281)</u>	<u>(14,105)</u>	<u>-</u>	<u>(35,386)</u>
Debt				
Hire purchase	(5,391)	(30,828)	19,183	(17,036)
Debts falling due within one year	(121,350)	31,396	-	(89,954)
Debts falling due after one year	(278,969)	246,211	-	(32,758)
	<u>(405,710)</u>	<u>246,779</u>	<u>19,183</u>	<u>(139,748)</u>
Total	<u>(426,991)</u>	<u>232,674</u>	<u>19,183</u>	<u>(175,134)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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

Preparation of consolidated financial statements

The financial statements contain information about Totalpost Services Plc as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under Section 402 of the Companies Act 2006 not to prepare consolidated financial statements as its subsidiary undertaking is considered to be wholly immaterial at the balance sheet date

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration

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

Government grants

Government grants are credited to the profit and loss account in the period in which the expenditure is incurred

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

2 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 12	31 12 11
	£	£
United Kingdom	1,950,032	1,451,715
Europe, N America, SE Asia	1,057,158	720,790
	<u>3,007,190</u>	<u>2,172,505</u>

3 STAFF COSTS

	31 12 12	31 12 11
	£	£
Wages and salaries	720,260	462,854
Social security costs	66,769	42,361
Other pension costs	5,400	6,595
	<u>792,429</u>	<u>511,810</u>

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

	31 12 12	31 12 11
Management and administration	9	9
Engineering and direct	23	14
Sales	1	1
	<u>33</u>	<u>24</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 12	31 12 11
	£	£
Hire of plant and machinery	653	478
Other operating leases	79,769	82,939
Depreciation - owned assets	40,853	35,931
Depreciation - assets on hire purchase contracts	4,796	9,854
Loss on disposal of fixed assets	30,325	1,817
Auditors' remuneration	7,455	7,200
Foreign exchange differences	8,084	(488)
Government grants	<u>(2,168)</u>	<u>-</u>
Directors' remuneration	85,200	81,550
Directors' pension contributions to money purchase schemes	<u>5,400</u>	<u>5,400</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
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In addition to the depreciation charges identified above, an impairment of £45,000 has been applied to plant and machinery during the year

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 12	31 12 11
	£	£
Bank interest	19,059	19,508
Other interest	2,059	18,152
Hire purchase	2,264	7,293
	<u>23,382</u>	<u>44,953</u>

6 TAXATION

Analysis of the tax charge

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

	31 12 12	31 12 11
	£	£
Current tax		
UK corporation tax	67,000	30,000
Prior year tax	(3,487)	5,621
Total current tax	<u>63,513</u>	<u>35,621</u>
Deferred tax	<u>(16,000)</u>	<u>11,000</u>
Tax on profit on ordinary activities	<u>47,513</u>	<u>46,621</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 12	31 12 11
	£	£
Profit on ordinary activities before tax	<u>240,386</u>	<u>136,696</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.500% (2011 - 21%)	58,895	28,706
Effects of		
Depreciation	22,171	9,615
Capital allowances	(8,522)	(15,357)
Permanent timing differences	1,160	7,036
Effect of adjustments to prior year	(3,487)	5,621
Marginal relief	(6,704)	-
Current tax charge	<u>63,513</u>	<u>35,621</u>

7 DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

8 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2012	76,272	326,270	66,200	102,167	570,909
Additions	-	10,022	12,014	33,923	55,959
Disposals	-	(25,000)	-	(68,167)	(93,167)
At 31 December 2012	<u>76,272</u>	<u>311,292</u>	<u>78,214</u>	<u>67,923</u>	<u>533,701</u>
DEPRECIATION					
At 1 January 2012	18,800	124,776	38,226	33,318	215,120
Charge for year	5,747	14,179	7,998	17,725	45,649
Eliminated on disposal	-	(8,600)	-	(36,292)	(44,892)
Impairments	-	45,000	-	-	45,000
At 31 December 2012	<u>24,547</u>	<u>175,355</u>	<u>46,224</u>	<u>14,751</u>	<u>260,877</u>
NET BOOK VALUE					
At 31 December 2012	<u>51,725</u>	<u>135,937</u>	<u>31,990</u>	<u>53,172</u>	<u>272,824</u>
At 31 December 2011	<u>57,472</u>	<u>201,494</u>	<u>27,974</u>	<u>68,849</u>	<u>355,789</u>

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

	Motor vehicles £
COST	
At 1 January 2012	55,367
Additions	19,183
Disposals	(55,367)
At 31 December 2012	<u>19,183</u>
DEPRECIATION	
At 1 January 2012	25,807
Charge for year	4,796
Eliminated on disposal	(25,807)
At 31 December 2012	<u>4,796</u>
NET BOOK VALUE	
At 31 December 2012	<u>14,387</u>
At 31 December 2011	<u>29,560</u>

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	803
At 31 December 2012	<u>803</u>
NET BOOK VALUE	
At 31 December 2012	<u>803</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

9 FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following

Totalpost Services SAS

Country of incorporation France

Nature of business Non-trading

Class of shares	%
Ordinary	holding 100 00

31 12 12
£
803

Aggregate capital and reserves

10 STOCKS

31 12 12	31 12 11
£	£
366,969	474,508

Stocks

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

31 12 12	31 12 11
£	£
509,742	295,323
302,314	92,431
81,894	18,631
893,950	406,385

Trade debtors

Other debtors

Prepayments and accrued income

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

31 12 12	31 12 11
£	£
126,508	142,631
5,756	5,391
364,751	224,651
67,139	36,831
95,414	37,073
67,728	4,228
1,239	26,169
29,685	-
85,818	9,974
844,038	486,948

Bank loans and overdrafts (see note 14)

Hire purchase contracts (see note 15)

Trade creditors

Tax

Social security and other taxes

VAT

Other creditors

Directors' current accounts

Accruals and deferred income

13 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

31 12 12	31 12 11
£	£
32,758	226,971
-	51,998
11,280	-
44,038	278,969

Bank loans (see note 14)

Other loans (see note 14)

Hire purchase contracts (see note 15)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

14 LOANS

An analysis of the maturity of loans is given below

	31 12 12 £	31 12 11 £
Amounts falling due within one year or on demand		
Bank overdrafts	36,554	21,281
Bank loans	89,954	121,350
	<u>126,508</u>	<u>142,631</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	32,758	226,971
Directors loan account	-	51,998
	<u>32,758</u>	<u>278,969</u>

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31 12 12 £	Hire purchase contracts 31 12 11 £
Net obligations repayable		
Within one year	5,756	5,391
Between one and five years	11,280	-
	<u>17,036</u>	<u>5,391</u>

The following operating lease payments are committed to be paid

	Land and buildings		Other operating leases	
	31 12 12 £	31 12 11 £	31 12 12 £	31 12 11 £
Expiring				
Within one year	1,608	-	7,616	-
Between one and five years	64,873	66,442	-	11,424
	<u>66,481</u>	<u>66,442</u>	<u>7,616</u>	<u>11,424</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

16 SECURED DEBTS

The following secured debts are included within creditors

	31 12 12	31 12 11
	£	£
Bank overdrafts	36,554	21,281
Bank loans	122,712	348,321
Hire purchase contracts	17,036	5,391
	<u>176,302</u>	<u>374,993</u>

Bank loans and overdrafts amounting to £77,295 (2011 £246,282) 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 £81,971 (2011 £123,322) 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 12	31 12 11
	£	£
Deferred tax		
Accelerated capital allowances	<u>27,000</u>	<u>43,000</u>
		Deferred tax
		£
Balance at 1 January 2012		43,000
Provided during year		<u>(16,000)</u>
Balance at 31 December 2012		<u>27,000</u>

18 CALLED UP SHARE CAPITAL

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

19 RESERVES

	Profit and loss account
	£
At 1 January 2012	377,765
Profit for the year	<u>192,873</u>
At 31 December 2012	<u>570,638</u>

20 CAPITAL COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

21 RELATED PARTY DISCLOSURES

Included within debtors is a balance of £342,590 (2011 £108,367) due from Totalpost Services Inc, a company incorporated in the US which is 100% personally owned by D Hymers. During the year, sales of £290,279 (2011 £48,182) and purchases of £80,844 (2011 £243,295) were made to/received from Totalpost Services Inc with further payments made to cover rent, wages and working capital costs.

At the balance sheet date, amounts were outstanding to the directors as follows: D Hymers £13,685 (2011 £11,998) and B P Qualey £16,000 (2011 £40,000). The director B P Qualey also received consultancy fees for professional services of £7,200 (2011 £8,000).

Dividends of £nil (2011 £7,000) were paid to D Hymers during the year.

22 POST BALANCE SHEET EVENTS

Since the balance sheet date the directors have declared a dividend of £36,000.

Subsequent to the balance sheet the company incorporated a new subsidiary company Totalpost Services GmbH.

23 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.

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 12	31 12 11
	£	£
Profit for the financial year	192,873	90,075
Dividends	-	(7,000)
Net addition to shareholders' funds	<u>192,873</u>	<u>83,075</u>
Opening shareholders' funds	427,765	344,690
Closing shareholders' funds	<u><u>620,638</u></u>	<u><u>427,765</u></u>