

Company Registration No. 05098632 (England and Wales)

RECTANGLE BLUE PLC
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

FRIDAY



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COMPANIES HOUSE

RECTANGLE BLUE PLC

COMPANY INFORMATION

Directors

P Sellars
N Ingham
A Hartley
P Bell
J Bowles (Appointed 4 December 2012)

Secretary

A Hartley

Company number

05098632

Registered office

The Rectangle
57 Grove Road
Harrogate
North Yorkshire
HG1 5EP

Auditors

Barber Harrison & Platt
2 Rutland Park
Sheffield
S10 2PD

Bankers

Yorkshire Bank Plc
James Street
Harrogate
HG1 1QU

RECTANGLE BLUE PLC

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RECTANGLE BLUE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company is that of direct promotion

The conditions in the economic climate continue to be challenging. Obtaining satisfactory margins has proved difficult. This has resulted in the business having to refuse contracts where the risk of not making profitable margins has been too great. From quarter two of 2013 campaigns begin for key clients and as a result a modest profit is forecast for 2013.

Results and dividends

The results for the year are set out on page 5

The directors do not propose payment of a dividend in respect of the year

Directors

The following directors have held office since 1 January 2012

P Sellars
N Ingham
A Hartley
P Bell
J Bowles

(Appointed 4 December 2012)

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 97 (2011 - 33) days' purchases

Auditors

The auditors, Barber Harrison & Platt, are deemed to be reappointed under section 487(2) of the Companies Act 2006

RECTANGLE BLUE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report 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:

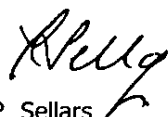
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P. Sellars

Director

27 June 2013

RECTANGLE BLUE PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RECTANGLE BLUE PLC

We have audited the financial statements of Rectangle Blue Plc for the year ended 31 December 2012 set out on pages 5 to 14. 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 an auditor's report 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 Directors' Responsibilities Statement set out on pages 1 - 2, 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 Directors' Report 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 loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RECTANGLE BLUE PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF RECTANGLE BLUE PLC

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

John Warner (Senior Statutory Auditor)
for and on behalf of Barber Harrison & Platt

27 June 2013

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

RECTANGLE BLUE PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	617,876	1,820,296
Cost of sales		(465,979)	(1,444,410)
Gross profit		151,897	375,886
Administrative expenses		(206,595)	(312,024)
Operating (loss)/profit	3	(54,698)	63,862
Interest payable and similar charges	4	(2,925)	(6,269)
(Loss)/profit on ordinary activities before taxation		(57,623)	57,593
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the year	11	(57,623)	57,593

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

RECTANGLE BLUE PLC

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	6		9,600		-
Current assets					
Debtors	7	365,473		453,450	
		<u>365,473</u>		<u>453,450</u>	
Creditors: amounts falling due within one year	8	<u>(302,883)</u>		<u>(365,733)</u>	
Net current assets			62,590		87,717
Total assets less current liabilities			72,190		87,717
Creditors: amounts falling due after more than one year	9		(14,375)		(72,279)
			<u>57,815</u>		<u>15,438</u>
Capital and reserves					
Called up share capital	10		51,282		51,282
Shares to be issued	11		100,000		-
Profit and loss account	11		<u>(93,467)</u>		<u>(35,844)</u>
Shareholders' funds	12		<u>57,815</u>		<u>15,438</u>

Approved by the Board and authorised for issue on 27 June 2013


P Sellars
Director

Company Registration No. 05098632

RECTANGLE BLUE PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		11,108		96,886
Returns on investments and servicing of finance				
Interest paid	(2,925)		(6,269)	
Net cash outflow for returns on investments and servicing of finance		(2,925)		(6,269)
Taxation		-		2,277
Capital expenditure				
Payments to acquire tangible assets	(9,600)		-	
Net cash outflow for capital expenditure		(9,600)		-
Net cash (outflow)/inflow before management of liquid resources and financing		(1,417)		92,894
Decrease in debt	-		-	
(Decrease)/increase in cash in the year		(1,417)		92,894

RECTANGLE BLUE PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2012	2011
	£	£
Operating (loss)/profit	(54,698)	63,862
Decrease in debtors	187,977	115,853
(Decrease)/Increase in creditors within one year	(64,267)	12,500
Increase in creditors due after one year	(57,904)	(95,329)
Write off of loan from associated company	-	-
Net cash inflow from operating activities	11,108	96,886

2 Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Net cash				
Bank overdrafts	(6,742)	(1,417)	-	(8,159)
Bank deposits	-	-	-	-
Net debt	(6,742)	(1,417)	-	(8,159)

3 Reconciliation of net cash flow to movement in net debt	2012	2011
	£	£
(Decrease)/increase in cash in the year	(1,417)	92,894
Movement in net debt in the year	(1,417)	92,894
Opening net debt	(6,742)	(99,636)
Closing net debt	(8,159)	(6,742)

RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements show a loss for the period of £57,623, and positive shareholders funds at the year end of £57,185.

The company has seen a return to losses this year however financial support is available from a related party that will support the company's cash flow requirement. In addition to this as disclosed in note 12, the company is due to receive £100,000 post year end as consideration for the future issue of 8,004 shares to J Bowles

In light of this and taking in to account the trading prospects, the directors are confident that the going concern basis on which these accounts are prepared, is appropriate

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	25% straight line
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1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

3	Operating (loss)/profit	2012	2011
		£	£
	Operating (loss)/profit is stated after charging		
	Operating lease rentals	8,295	4,387
	Fees payable to the company's auditor for the audit of the company's annual accounts	13,725	3,860
	Audit fees - underprovision re 2011	3,550	-
4	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	2,925	6,269
5	Taxation	2012	2011
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(57,623)	57,593
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.00%)	(11,525)	11,519
	Effects of:		
	Non deductible expenses	817	1,359
	Capital allowances in excess of depreciation	(2,118)	(268)
	Tax losses carried forward	12,826	(12,533)
	Short term timing differences	-	(77)
		11,525	(11,519)
	Current tax charge for the year	-	-

The company has estimated losses of £ 64,250 (2011 - £ 100) available for carry forward against future trading profits

RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2012	25,511
Additions	9,600
	<hr/>
At 31 December 2012	35,111
	<hr/>
Depreciation	
At 1 January 2012 & at 31 December 2012	25,511
	<hr/>
Net book value	
At 31 December 2012	9,600
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7 Debtors

	2012 £	2011 £
Trade debtors	127,775	241,026
Called up share capital not paid	26,282	26,282
Other debtors	156,610	113,763
Prepayments and accrued income	54,806	72,379
	<hr/>	<hr/>
	365,473	453,450
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RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loans and overdrafts	8,159	6,742
Trade creditors	123,197	131,035
Taxes and social security costs	35,917	60,625
Other creditors	84,758	136,851
Accruals and deferred income	50,852	30,480
	<u>302,883</u>	<u>365,733</u>

The bank overdraft is secured by a fixed and floating charge over all the company's assets and undertakings. The directors of the company have given personal guarantees in respect of the bank overdraft facilities.

Amounts due in respect of the invoice discounting facility of £84,578 (2011 £136,851) are included within other creditors and is secured on the debts of the company.

9 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Amounts due to associated partnerships	<u>14,375</u>	<u>72,279</u>

10 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
51,282 Ordinary shares of £1 each	<u>51,282</u>	<u>51,282</u>

11 Statement of movements on reserves	Shares to be issued	Profit and loss account
	£	£
Balance at 1 January 2012	-	(35,844)
Loss for the year	-	(57,623)
Movement during the year	100,000	-
Balance at 31 December 2012	<u>100,000</u>	<u>(93,467)</u>

RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

12 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
(Loss)/Profit for the financial year	(57,623)	57,593
Shares to be issued	100,000	-
Net addition to shareholders' funds	42,377	57,593
Opening shareholders' funds	15,438	(42,155)
Closing shareholders' funds	57,815	15,438

Post year end 8,004 shares were issued to J Bowles, a director of the company , for a consideration of £100,000

13 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Between two and five years	43,200	43,200

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
	5	7

Employment costs

	2012	2011
	£	£
Wages and salaries	59,280	75,860

RECTANGLE BLUE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

15 Control

The ultimate controlling party is P Sellars, a director of the company.

16 Related party relationships and transactions

During the year rent of £8,295 (2011 £4,387) was paid to the Grove Road Partnership, a partnership in which P Sellars, N Ingham, P Bell and A Hartley are partners. An amount of £10,867 (2011. £41,817) was payable to the Grove Road Partnership and included within creditors due over one year.

During the year management charges of £nil (2011 £74,000) was paid to the Management Partnership, a partnership in which P Sellars, N Ingham and P Bell are partners. An amount of £3,508 (2011. £30,462) was payable to the Management Partnership and included within creditors due over one year.

During the year Rectangle Group Plc, a company in which P Sellars, N Ingham, P Bell and A Hartley are directors, had a debtor balance of £55,126 (2011. £112,278) and a creditor balance of £nil (2011. £nil) included within trade debtors and other creditors respectively.

Rectangle Blue Plc has entered into a cross guarantee to secure amounts due from Rectangle Group Plc to the bank.

Personal guarantees in favour of the company have been given to the company's bankers by certain directors.