

R E SALTER (PAPER) LIMITED
REPORT & FINANCIAL STATEMENTS
31ST DECEMBER 1994

COMPANY REGISTRATION NUMBER: 145372



R E SALTER (PAPER) LIMITED

DIRECTORS: R E Salter
M J Cornish

SECRETARY: A C Mason

REGISTERED OFFICE: Thanet House
Copperas Street
London
SE8 3DA

REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 1994

CONTENTS	PAGE
Report of the Directors	1 - 2
Report of the Auditors to the Members	3
Report of the Auditors to the Directors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 14

The following page does not form part of the statutory financial statements.

Trading and Profit and Loss Account	15
-------------------------------------	----

R E SALTER (PAPER) LIMITED**REPORT OF THE DIRECTORS**

The directors present their report and the financial statements of the company for the year ended 31st December 1994.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

PRINCIPAL ACTIVITY

The company is a holding company providing management services to subsidiaries and associated companies engaged in processing secondary fibres, conversion of paper and board for printing and the supply of white news sheets.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A summary of the results of the years trading is given in the profit and loss account.

The directors' consider the result to be satisfactory.

DIRECTORS

The directors during the year and their interests, including those of their families, in the issued share capital of the company, were as follows:

	Ordinary shares of £1 each	
	31.12.94	31.12.93
R E Salter	10,001	10,001
M J Cornish	5,000	5,000

R E SALTER (PAPER) LIMITED**REPORT OF THE DIRECTORS (CONTINUED)****AUDITORS**

The company's auditors, Barnett Spooner, have indicated their willingness to be re-appointed and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the Board.



R E SALTER
Director

20th September 1985

**REPORT OF THE AUDITORS
TO THE MEMBERS OF
R E SALTER (PAPER) LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical convention (as modified by the revaluation of freehold property) and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgements 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 as at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BARNETT SPOONER

**THE OLD STEPPE HOUSE
BRIGHTON ROAD
GODALMING
SURREY
GU7 1NS**

**REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

20th September 1995



REPORT OF THE AUDITORS
TO THE DIRECTORS OF
R E SALTER (PAPER) LIMITED

In our opinion, the company is entitled to the exemption in the Companies Act 1985 s 248 not to prepare group accounts.

BARNETT SPOONER

THE OLD STEPPE HOUSE
BRIGHTON ROAD
GODALMING
SURREY
GU7 1NS



REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

20th September 1985

R E SALTER (PAPER) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1994

	Notes	1994 £	1993 £
TURNOVER	2	145,000	115,000
Administration expenses		(81,573)	(55,432)
OPERATING PROFIT		63,427	59,568
Interest receivable		18,982	22,572
Interest payable		(20,252)	(23,155)
Income from shares in group undertakings		350,000	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	412,157	58,985
Tax on profit on ordinary activities	5	(13,240)	(12,930)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		398,917	46,055
BALANCE BROUGHT FORWARD		50,095	4,040
BALANCE CARRIED FORWARD		449,012	50,095

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

None of the company's activities were acquired or discontinued during the above two financial years.

The annexed notes form part of the financial statements.

R E SALTER (PAPER) LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	8	1,360,755	1,327,735
Investments	9	69,597	69,597
		<hr/>	<hr/>
		1,430,352	1,397,332
CURRENT ASSETS			
Debtors - amounts falling due within one year	10	573,401	241,161
Debtors - amounts falling due after one year	10	44,849	169,918
Cash at bank and in hand		9,482	-
		<hr/>	<hr/>
		627,732	411,079
CREDITORS: amounts falling due within one year	11	(824,004)	(848,181)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(196,272)	(437,102)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,234,080	960,230
CREDITORS: amounts falling due after more than one year	12	(44,850)	(169,917)
		<hr/>	<hr/>
TOTAL NET ASSETS		1,189,230	790,313
CAPITAL AND RESERVES			
Called up share capital	6	20,001	20,001
Profit and loss account		449,012	50,095
Revaluation reserve		720,217	720,217
		<hr/>	<hr/>
Shareholders' funds	7	1,189,230	790,313
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 20th September 1995

R E SALTER
Director

The annexed notes form part of the financial statements.

R E SALTER (PAPER) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1994

	Notes	1994	1993
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15	195,509	(94,322)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(20,252)	(23,155)
Interest received		18,982	22,572
		<hr/>	<hr/>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,270)	(583)
		<hr/>	<hr/>
		194,239	(94,905)
TAXATION			
Corporation tax paid		(11,893)	-
INVESTING ACTIVITIES			
Payments to acquire fixed assets		(33,020)	-
Receipts from sales of investments		-	5,000
		<hr/>	<hr/>
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(33,020)	5,000
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		149,326	(89,905)
FINANCING			
Other loans		-	151,230
Repayment of loans		(119,492)	(102,636)
		<hr/>	<hr/>
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	16	(119,492)	48,594
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17	29,834	(41,311)
		<hr/>	<hr/>

R E SALTER (PAPER) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AT 31ST DECEMBER 1994****1. ACCOUNTING POLICIES**

- a) Basis of accounting
The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of freehold properties.
- b) Tangible fixed assets and depreciation
Fixed assets are stated at cost, less accumulated depreciation, and all repairs are written off as incurred. Depreciation is provided at rates, calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, which is reviewed annually. The estimated useful lives are as follows:

Motor Vehicles - 3 to 5 years

Depreciation is not charged on freehold properties, which are stated at a revalued amount, as any such depreciation would be immaterial and buildings are maintained in a good state of repair.

- c) Deferred taxation
Deferred taxation is provided on timing differences to the extent that a liability for the payment of such taxation is expected to arise in the foreseeable future.
- d) Consolidation
Group financial statements have not been prepared in accordance with the exemption granted under section 248 of the Companies Act 1985.
- e) Pension scheme
The company operates a defined benefit pension scheme. The regular pension cost charged to the profit and loss account, is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of the actuaries.

2. TURNOVER

Turnover represents the total amount receivable in the ordinary course of business.

The turnover is attributable to the principal activity of the company, which is providing management services to subsidiaries and companies, in which the company has a participating interest, in the United Kingdom.

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after the following amounts:

	1994 £	1993 £
Directors emoluments	30,000	1,944
Auditor's remuneration	14,500	12,780
Interest payable:		
Bank overdraft & other loans repayable within five years	20,252	23,155
	<hr/>	<hr/>
Interest receivable	18,982	22,572
	<hr/>	<hr/>

Particulars of total directors emoluments
excluding pension contributions

	1994 £	1993 £
Chairman	30,000	1,944
	<hr/>	<hr/>

The emoluments of the other director is as follows:

	1994 Number	1993 Number
£ 0 - £5,000	1	1
	<hr/>	<hr/>

4. STAFF COSTS

Staff costs during the year (including directors)
amounted to:

	1994 £	1993 £
Wages and Salaries	67,440	38,469
Social Security costs	6,480	3,614
	<hr/>	<hr/>
	73,920	42,083
	<hr/>	<hr/>

The average weekly number of employees during the year (including
directors) was as follows:

	1994 Number	1993 Number
Office and management	4	3
	<hr/>	<hr/>

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
Corporation tax for the year at 25%	14,277	12,930
Overprovision in previous year	(1,037)	-
	<hr/> 13,240	<hr/> 12,930

6. SHARE CAPITAL

Equity shares

Authorised:

Ordinary shares of £1 each

100,000	100,000
---------	---------

Equity shares

Allotted and fully paid:

Ordinary shares of £1 each

20,001	20,001
--------	--------

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	398,917	46,055
Opening shareholders' funds	790,313	744,258
	<hr/>	<hr/>
Closing shareholders' funds	1,189,230	790,313

8. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Freehold Property £	Total £
COST OR VALUATION			
1st January 1994	-	1,352,620	1,352,620
Additions	33,020	-	33,020
	<hr/>	<hr/>	<hr/>
31st December 1994	33,020	1,352,620	1,385,640
DEPRECIATION			
At 1st January 1994 and 31st December 1994	-	(24,885)	(24,885)
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
31st December 1994	33,020	1,327,735	1,360,755
	<hr/>	<hr/>	<hr/>
31st December 1993	-	1,327,735	1,327,735

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

Freehold property at valuation	Revalued Amount £
Cannon Wharf (valued during 1986)	630,000
Thanet Wharf (valued during 1987)	675,000

The freehold properties were valued on a current open market basis, by a qualified chartered surveyor. Any surplus over cost or previous valuation is credited to the revaluation reserve.

On a historical cost basis, freehold property would have been included at:

	1994 £	1993 £
Cost	632,403	632,403
Accumulated depreciation	(24,885)	(24,885)
Net book value	607,518	607,518

9. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £	Other Investments £	Total £
Cost			
At 1st January 1994	54,597	15,000	69,597
At 31st December 1994	54,597	15,000	69,597

Other investments represent an interest in freehold property.

SUBSIDIARY UNDERTAKINGS

Name, Country of Incorporation, Nature of Business	Class of Share	% Held	Aggregate Capital & Reserves £	Profit for year £
S P G (Holdings) Ltd England & Wales Paper conversion and merchandising and hire of fixed assets	Ordinary	100%	621,328	57,164
Salter Paper Group Ltd England & Wales Paper conversion and merchandising and waste paper processing	Ordinary	100%	555,983	841,181

In the opinion of the directors, the company's share of the net assets of its subsidiaries is not less than the value shown in the company's accounts.

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

10. DEBTORS

	1994 £	1993 £
Amounts falling due within one year:		
Prepayments	663	4,541
Amounts owed by group undertakings	222,738	236,620
Other debtors - proposed group dividend	350,000	-
	<hr/>	<hr/>
	573,401	241,161
	<hr/>	<hr/>
Amounts falling due after one year:		
Amounts owed by group undertakings	44,849	169,918
	<hr/>	<hr/>

11. CREDITORS

Amounts falling due within one year

	1994 £	1993 £
Bank loans and overdrafts	75,070	90,083
Other loans	49,902	49,666
Amounts owed to group undertakings	652,043	681,901
Other creditors	2,233	209
Taxation and Social Security	16,424	1,321
Accruals	14,055	12,071
Corporation Tax	14,277	12,930
	<hr/>	<hr/>
	824,004	848,181
	<hr/>	<hr/>

12. CREDITORS:

Amounts falling due after more than one year

	1994 £	1993 £
Bank loan	17,434	92,611
Other loan	27,416	77,306
	<hr/>	<hr/>
	44,850	169,917
	<hr/>	<hr/>

The bank loan, which is repayable over 4 years is secured by means of a mortgage over freehold property owned by the company.

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

13. TAXATION STATUS

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

14. PROVISION FOR LIABILITIES AND CHARGES

Deferred tax has not been provided in respect of capital gains on the revaluation of freehold properties as the company does not intend to dispose of the property.

	Amount Provided		Amount Unprovided	
	1994	1993	1994	1993
	£	£	£	£
Tax effect of timing differences due to excess of capital allowances over depreciation.	-	-	750	-

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

	1994	1993
	£	£
Operating profit	63,427	59,568
Decrease/(Increase) in debtors	142,829	(180,805)
(Decrease)/Increase in creditors	(10,747)	26,915
	<u>195,509</u>	<u>(94,322)</u>

16. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital	Loans and other finance
	£	£
Balance at 1st January 1994	20,001	289,314
Repayment of loans and other finance	-	(119,492)
	<u>20,001</u>	<u>169,822</u>

R E SALTER (PAPER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1994

17. ANALYSIS OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1994	1993
	£	£
Balance brought forward	(20,352)	20,959
Net cash inflow/(outflow)	29,834	(41,311)
	<hr/>	<hr/>
Balance at 31st December 1994	9,482	(20,352)
	<hr/>	<hr/>
Represented by		
Bank overdraft	-	(20,352)
Cash at bank and in hand	9,482	-
	<hr/>	<hr/>
	9,482	(20,352)
	<hr/>	<hr/>