

GRAINGER SMITH LIMITED

ABBREVIATED
FINANCIAL STATEMENTS

for the year ended
31st DECEMBER 1994

Company number 421802





REPORT OF THE AUDITORS
TO THE DIRECTORS OF GRAINGER SMITH LIMITED

We have examined the abbreviated accounts set out on pages 3 to 7, which have been properly prepared in accordance with Section 226 of the Companies Act 1985. In our opinion, the company satisfies the requirements of Section 246 of the Companies Act 1985 for exemption as a small company for the year ended 31st December 1994.

As auditors of Grainger Smith Limited, on 23rd March 1995 we reported to the members on the accounts of the company prepared in accordance with Section 226 of the Companies Act 1985 as follows:

"We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the adequacy of disclosures made in the financial statements concerning the ability of the company to continue trading in the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends on the ability of the company to pay its debts as they fall due, which in turn depends on the profitability of the company. The details of the measures taken by the directors during the year under review and since the balance sheet date are described in Note 2. The financial statements do not include any adjustments that would result from a cessation of trading: these adjustments would include the reduction in the value of assets to their recoverable amounts, provision for any further liabilities which might arise, and a reclassification of fixed assets and long term liabilities as current assets and current liabilities respectively. Our opinion is not qualified in this respect.



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 loss for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985 that are applicable to small companies".

The Kings Mill Partnership

Chartered Accountants
Registered Auditors

29th January 1996

15 Coombe Road,
Croydon,
Surrey,
CR9 1XS.

GRAINGER SMITH LIMITED

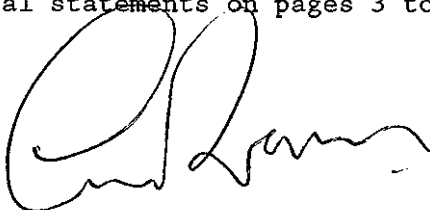
BALANCE SHEET as at 31st DECEMBER 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	2	85,318	92,374
Investments	3	205	205
		<u>85,523</u>	<u>92,579</u>
CURRENT ASSETS			
Stocks		37,939	33,845
Debtors	4	248,498	156,512
Cash at bank and in hand		9,103	220
		<u>295,540</u>	<u>190,577</u>
CREDITORS: amounts falling due within one year	5	362,371	182,698
NET CURRENT (LIABILITIES)/ASSETS		<u>(66,831)</u>	<u>7,879</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,692	100,548
CREDITORS: amounts falling due after more than one year	6	168,518	194,317
		<u>£(149,826)</u>	<u>£(93,859)</u>
CAPITAL AND RESERVES			
Called up share capital	7	4,040	4,040
Profit and loss account		(153,866)	(97,899)
		<u>£(149,826)</u>	<u>£(93,859)</u>

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985 and the entitlement to prepare abbreviated accounts conferred under Part III of Schedule 8. In the directors' opinion, the company is entitled to those exemptions as a small company.

The financial statements on pages 3 to 7 were approved by the Board on 23rd March 1995

Director



Director



GRAINGER SMITH LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st DECEMBER 1994

1. ACCOUNTING POLICIES

The following are the more important accounting policies adopted by the company.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and on a going concern basis which is dependent on the company's achievement of profitability in the foreseeable future. Measures which have been taken by the directors to this end are set out in Note 2.

(b) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset fairly over its expected useful life. The rates used are as follows:

Short leasehold property	- evenly over the minimum lease term
Motor vehicles	- 25% per annum
Plant and machinery	- 10% per annum
Office equipment and fittings	- 10% to 20% per annum

(c) Assets held under hire purchase contracts

Tangible fixed assets acquired under hire purchase agreements are capitalised and included with other tangible fixed assets. All interest and charges are written off to the profit and loss account on a straight line basis over the life of the agreements.

(d) Operating leases

Charges arising under operating leases are written off to the profit and loss account as incurred.

(e) Stocks

Stocks and work in progress 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.

(f) Deferred taxation

Provision is made for taxation deferred in respect of material timing differences, except where the liability to taxation is not expected to arise in the foreseeable future. The provision is calculated using the liability method at the maximum rate of taxation expected to apply at the time of the crystallisation of the liability.

(g) Pension costs

The company contributes to a defined contribution pension scheme in respect of certain directors. Pension costs are charged to the profit and loss account in the period to which they relate.

(h) Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

GRAINGER SMITH LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st DECEMBER 1994 (continued)

2. TANGIBLE FIXED ASSETS

	Short leasehold property £	Office equipment & fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost:					
At 1st January 1994	28,940	33,430	87,861	34,430	184,661
Additions	6,296	5,768	2,655	-	14,719
Disposals	9,377	-	-	-	9,377
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At 31st December 1994	25,859	39,198	90,516	34,430	190,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1st January 1994	10,293	23,953	33,412	24,629	92,287
Charge for the year	911	5,112	9,052	6,700	21,775
Eliminated on disposals	9,377	-	-	-	9,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1994	1,827	29,065	42,464	31,329	104,685
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31st December 1994	£24,032	£10,133	£48,052	£3,101	£85,318
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1993	£18,647	£9,477	£54,449	£9,801	£92,374
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Tangible fixed assets include assets which are held under hire purchase agreements with a net book value of £9,228 (1993: £36,357). The depreciation charge in respect of those assets was £3,334 (1993: £10,571).

3. INVESTMENTS

The investments comprise the cost of a 75% interest in the issued share capital of a dormant subsidiary company, Euro-Pack Holdings Limited. The company was formed in 1992, is registered in England and Wales and has not yet traded.

GRAINGER SMITH LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st DECEMBER 1994 (continued)

4. DEBTORS

Debtors include a loan to a director of £2,900 (1993: £Nil). The loan is an advance made to Mr M Foster on 19th July 1994. It is unsecured, interest free and repayable in instalments of £500 per month commencing in February 1995.

5. CREDITORS: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	-	23,935
Amounts advanced by factors	74,628	62,380
Obligations under hire purchase agreements	3,369	10,971
Liabilities under the Corporate Voluntary Arrangement	30,000	30,000
Trade creditors	236,189	26,094
Indirect taxes and social security costs	5,055	1,260
Other creditors	3,698	18,573
Accruals	9,432	9,485
	<u>£362,371</u>	<u>£182,698</u>

The bank overdraft is secured by a fixed and floating charge over all the assets and undertakings of the company dated April 1981.

6. CREDITORS: amounts falling due after more than one year

Obligations under hire purchase agreements all due within five years	-	3,299
Liabilities under the Corporate Voluntary Arrangement	168,518	191,018
	<u>£168,518</u>	<u>£194,317</u>

The amount of £30,000 disclosed above as due within one year under the Corporate Voluntary Arrangement is based on the proposed quarterly payment by the company to the supervisors of £7,500. Three payments of £7,500 were made to the supervisors during the year.