

The Original Poster Company Limited

Report and Financial Statements

Year Ended

30 June 2004

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BDO Stoy Hayward
Chartered Accountants

The Original Poster Company Limited

Annual report and financial statements for the year ended 30 June 2004

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Directors

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Directors

S E Warren-Gash (Managing Director and Chairman)
D S Mills (Vice-Chairman)
P Jacobs
K A F Macgregor
J J Webster
S J M Mills
S J Felmingham
M J Parks

Secretary and registered office

P Jacobs, Elephant House, 28 Lyon Road, Walton on Thames, KT12 3PU.

Company number

02580821

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

The Original Poster Company Limited

Report of the directors for the year ended 30 June 2004

The directors present their report together with the audited financial statements for the year ended 30 June 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year. Interim dividends of £170,625 (2003 - £132,000) were paid in the year.

The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The company trades as a publisher and distributor of greetings cards and ancillary products. The company mainly operates a franchise network for the distribution of its products, with direct supplies to certain overseas countries.

The directors consider the result for the year to be satisfactory and look forward to a profitable next year.

Directors

The directors of the company during the year were:

S E Warren-Gash (Managing Director and Chairman)

D S Mills (Vice-Chairman)

P Jacobs

K A F Macgregor

J J Webster

S J M Mills

S J Felmingham

On 7 October 2004 M J Parks was appointed as a director.

Directors' interests

The interests, as defined by the Companies Act 1985, of the directors in the share capital at the beginning and end of the year were:

Name	Class of capital	Holding at	
		2004	2003
S E Warren-Gash	10p ordinary shares	22,375	22,375
D S Mills	10p ordinary shares	22,750	22,750
P Jacobs	10p ordinary shares	1,500	1,500
K A F Macgregor	10p ordinary shares	-	-
J J Webster	10p ordinary shares	2,000	2,000
S J M Mills (jointly with wife)	10p ordinary shares	2,500	1,500
S J Felmingham	10p ordinary shares	750	-

The Original Poster Company Limited

Report of the directors for the year ended 30 June 2004 (Continued)

Directors' interests (Continued)

In addition, at the year end ordinary shares at 10p each were held as follows:

4,750 (2003 - 4,750) shares were held by family trusts in which D S Mills is a trustee and 17,250 (2003 - 17,250) shares were held by his spouse or dependants
22,375 (2003 - 22,375) shares were held by Mrs C Warren-Gash
37,500 (2003 - 37,500) shares were held in trust for K Macgregor
1,000 (2003- Nil) shares were held by Mrs G Webster
750 (2003- Nil) shares were held by Mrs J Felmingham
1000 (2003- Nil) shares were held by M Parks

On 27 March 1997 S E Warren-Gash was granted options to acquire ordinary shares in the company, based upon a formula approach, for 10p per share exercisable within 7 years. This option has now lapsed.

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 period. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

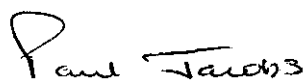
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

P Jacobs
Secretary



Date 22/03/05

The Original Poster Company Limited

Report of the independent auditors

To the shareholders of The Original Poster Company Limited

We have audited the financial statements of The Original Poster Company Limited for the year ended 30 June 2004 on pages 5 to 19 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

The Original Poster Company Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO 

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

22 March 2005

The Original Poster Company Limited

Profit and loss account for the year ended 30 June 2004

	Note	2004 £	2003 £
Turnover	2	3,907,750	3,576,292
Cost of sales		(1,748,534)	(1,618,125)
Gross profit		<u>2,159,216</u>	<u>1,958,167</u>
Net operating expenses	3	(1,845,751)	(1,687,724)
Operating profit	6	<u>313,465</u>	<u>270,443</u>
Interest receivable		1,593	4,330
Interest payable and similar charges	7	(53,771)	(56,740)
Profit on ordinary activities before taxation		<u>261,287</u>	<u>218,033</u>
Taxation on ordinary activities	8	(56,274)	(45,174)
Profit on ordinary activities after taxation		<u>205,013</u>	<u>172,859</u>
Dividends paid - equity	9	(170,625)	(132,000)
Retained profit for the year	16	<u><u>34,388</u></u>	<u><u>40,859</u></u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

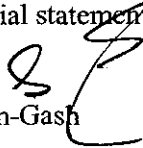
The notes on pages 8 to 19 form part of these financial statements.

The Original Poster Company Limited

Balance sheet at 30 June 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	10		1,007,877		1,027,146
Investments	11		600		600
			<u>1,008,477</u>		<u>1,027,746</u>
Current assets					
Stocks	12	782,477		681,720	
Debtors	13	905,200		651,332	
Cash at bank and in hand		85,358		52,695	
		<u>1,773,035</u>		<u>1,385,747</u>	
Creditors: amounts falling due within one year	14	936,715		610,410	
		<u>936,715</u>		<u>610,410</u>	
Net current assets			836,320		775,337
Total assets less current liabilities			1,844,797		1,803,083
Creditors: amounts falling due after more than one year	14		630,556		663,730
			<u>630,556</u>		<u>663,730</u>
			<u>1,214,241</u>		<u>1,139,353</u>
Capital and reserves					
Called up share capital	15		13,650		13,200
Share premium account	16		225,720		185,670
Profit and loss account	16		973,071		938,683
Capital redemption	16		1,800		1,800
			<u>1,214,241</u>		<u>1,139,353</u>
Shareholders' funds - equity			<u>1,214,241</u>		<u>1,139,353</u>

The financial statements were approved by the Board on 22nd March 2005


S E Warren-Gash
Director

The notes on pages 8 to 19 form part of these financial statements.

The Original Poster Company Limited

Cash flow statement for the year ended 30 June 2004

	Note	2004 £	2004 £	2003 £	2003 £
Net cash inflow from operating activities	19		165,617		401,899
Returns on investments and servicing of finance					
Interest received		1,593		4,330	
Interest paid		(50,674)		(52,704)	
Interest element of finance lease rental payments		(3,097)		(4,036)	
Net cash outflow from returns on investments and servicing of finance			(52,178)		(52,410)
Taxation					
UK corporation tax paid			(47,198)		(278,585)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(23,711)		(238,825)	
Sale of tangible fixed assets		-		7,499	
			(23,711)		(231,326)
Equity dividends paid			(170,625)		(132,000)
Cash outflow before use of liquid resources and financing			(128,095)		(292,422)
Financing					
Issue of share capital		40,500		-	
Capital element of finance lease rental payments		(28,002)		(23,994)	
Bank loans and mortgages		(30,202)		109,089	
			(17,704)		85,095
Decrease in cash	20,21		(145,799)		(207,327)

The notes on pages 8 to 19 form part of these financial statements.

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidation

The company has taken advantage of the exemption afforded by section 248 of the Companies Act 1985 and has not prepared group financial statements. The financial statements therefore present information about the company only.

Turnover

Turnover represents the value of sales of goods and services in the year net of value added tax.

Tangible fixed assets and depreciation

Depreciation is charged on fixed assets at rates calculated to write off the cost, less residual values over the expected useful life of each asset. It is calculated at the following rates:

Freehold buildings	-	2% per annum
Motor vehicles	-	25% per annum reducing balance basis
Office equipment	-	25% per annum reducing balance basis
Leasehold	-	over term of lease

Investments

Investments held as fixed assets are stated at cost.

Stock

Stock is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

1 Accounting policies (Continued)

Leased assets

Assets held under finance leases are capitalised at their fair value calculated by using the interest rate implicit in the lease. Finance charges are allocated to accounting periods over the lease term. Operating lease payments are charged in the year in which they fall.

Translation of foreign currencies

Foreign currency assets and liabilities are translated into sterling at exchange rates in effect at the balance sheet date. Transactions in foreign currencies are translated at the exchange rates in effect on the date of transaction. Exchange gains and losses are taken to the profit and loss account.

Pension costs

The company operates a personal pension plan for eligible employees through Friends Provident Versatile Group.

Contributions to the plan are charged to the profit and loss account in the year in which they become payable.

2 Turnover

In the opinion of the directors, there is only one class of turnover and it is their belief that it would be prejudicial to the business to disclose the geographical location.

3 Net operating expenses

	2004 £	2003 £
Distribution costs	298,701	277,348
Administration expenses	1,547,050	1,410,376
	<hr/>	<hr/>
	1,845,751	1,687,724
	<hr/>	<hr/>

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

4 Employees

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries	1,007,649	900,862
Social security costs	101,882	97,141
Pensions	25,210	23,217
	<u>1,134,741</u>	<u>1,021,220</u>

The average number of employees, including directors, during the year was 28 (2003 - 25).

5 Directors

	2004 £	2003 £
Directors' emoluments consist of:		
Remuneration	492,650	480,812
Payments to defined contribution pension	22,210	21,467
Benefits in kind	4,433	5,453
	<u>519,293</u>	<u>507,732</u>
Emoluments of highest paid director:		
Remuneration	123,650	116,350
Payments to defined contribution pension	11,680	11,288
Benefits in kind	1,317	1,632
	<u>136,647</u>	<u>129,270</u>

There were 3 (2003 - 3) directors in the defined contribution pension scheme during the year.

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

6 Operating profit

	2004 £	2003 £
This has been arrived at after charging:		
Depreciation	69,410	68,767
Loss on disposal of fixed assets	4,729	4,336
Directors' emoluments (note 5)	519,293	507,732
Auditors' remuneration - audit services	13,500	13,000
- non audit services	8,597	1,850
Exchange loss	29,696	40,172
Operating lease rental	90,000	90,000
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdraft	50,674	52,704
Finance leases and hire purchase interest	3,097	4,036
	<u> </u>	<u> </u>
	<u>53,771</u>	<u>56,740</u>

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

8 Taxation on profit from ordinary activities

	2004 £	2003 £
UK corporation tax	56,274	47,204
Adjustments in respect of prior years	-	(2,030)
	<hr/>	<hr/>
Total current tax	56,274	45,174
	<hr/>	<hr/>
Taxation on profit on ordinary activities	56,274	45,174
	<hr/>	<hr/>
<i>Tax reconciliation:</i>		
Profit on ordinary activities	261,287	218,033
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK corporation tax rate 19% (2003 - 19%)	49,645	41,426
Effects of:		
Expenses not deductible for tax purposes	5,323	6,432
Depreciation in excess of capital allowances	1,306	-
Capital allowances in excess of depreciation	-	(654)
Adjustment to tax charge in respect of previous period	-	(2,030)
	<hr/>	<hr/>
Current tax charge	56,274	45,174
	<hr/>	<hr/>

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

9 Dividends

	2004 £	2003 £
Ordinary shares - paid £1.25 (2003 - £1.00) per share	170,625	132,000

10 Tangible assets

	Motor vehicles £	Office equipment £	Short leasehold £	Freehold property £	Total £
<i>Cost</i>					
At 1 July 2003	55,012	263,918	12,915	861,443	1,193,288
Additions	34,360	23,710	-	-	58,070
Disposals	(10,600)	(10,138)	-	-	(20,738)
At 30 June 2004	78,772	277,490	12,915	861,443	1,230,620
<i>Depreciation</i>					
At 1 July 2003	18,599	125,594	5,166	16,783	166,142
Charge for the year	11,456	38,142	2,583	17,229	69,410
Disposals	(5,493)	(7,316)	-	-	(12,809)
At 30 June 2004	24,562	156,420	7,749	34,012	222,743
<i>Net book value</i>					
At 30 June 2004	54,210	121,070	5,166	827,431	1,007,877
At 30 June 2003	36,413	138,324	7,749	844,660	1,027,146

The net book value of motor vehicles includes an amount of £54,210 (2003 - £36,413) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £10,435 (2003 - £11,695). The net book value of office equipment includes an amount of £14,603 (2003 - £19,471) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £4,868 (2003 - £5,967). The freehold property is included in the financial statements at cost.

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

11 Investments

	Trade £	Subsidiaries £	Total £
<i>Cost</i>			
At 30 June 2003 and at 30 June 2004	596	4	600

Investments in subsidiary undertakings comprise 100% of the issued share capital in The Elephant Group Limited and The Original Pen Company Limited, both of which are dormant companies registered in England. At 30 June 2004 each of these companies held aggregate capital and reserves of £2.

12 Stocks

	2004 £	2003 £
Finished goods and goods held for resale	782,477	681,720

13 Debtors

	2004 £	2003 £
Trade debtors	780,868	533,582
Other debtors	12,100	24,990
Prepayments and accrued income	112,232	92,760
	905,200	651,332

Included within trade debtors is £25,081 (2003 - £Nil) due in more than one year. All other amounts fall due for payment within one year.

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

14 Creditors

	2004 £	2003 £
Amounts falling due within one year:		
Mortgage and loan (secured)	27,229	23,472
Bank overdraft (secured)	289,260	110,798
Trade creditors	494,026	368,574
Other creditors	18,485	6,629
Accruals and deferred income	25,938	24,408
Corporation tax	56,274	47,198
	<u>936,715</u>	<u>610,410</u>
Amounts falling due after more than one year:		
Obligations under finance leases	18,898	18,113
Mortgage and Loan (secured)	611,658	645,617
	<u>630,556</u>	<u>663,730</u>

The mortgage and loan are secured by a first charge over the freehold property. The overdraft is secured by a second charge on the property and fixed and floating charges over the company's present and future assets and is repayable on demand.

The loan has a 14 year repayment term at an interest rate of 1.9% over the lending bank's base rate.

The mortgage has a 14 year repayment term and a fixed interest rate of 7% until April 2005 thereafter at a variable rate to be negotiated. Obligations fall due as follows:

	2004 £	2003 £
Within one year	74,253	74,253
Between one and two years	74,253	74,253
Between two and five years	222,758	222,758
Over five years	586,794	666,195
	<u>958,058</u>	<u>1,037,459</u>
Less: Future finance charges	(319,171)	(368,370)
	<u>638,887</u>	<u>669,089</u>

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

14 Creditors (Continued)

	2004 £	2003 £
Which are disclosed as:		
Within one year	27,229	23,472
Between one and two years	30,985	27,229
Between two and five years	115,497	104,227
Over five years	465,176	514,161
	<u>611,658</u>	<u>645,617</u>
Obligations under finance leases fall due as follows:		
Within one year	28,139	26,674
Between one and two years	19,932	18,795
	<u>48,071</u>	<u>45,469</u>
Less: future finance charges	(3,235)	(2,948)
	<u>44,836</u>	<u>42,521</u>
Which are disclosed as:		
Within one year	25,938	24,408
Between one and two years	18,898	18,113
	<u>44,836</u>	<u>42,521</u>

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

15 Share capital

	2004 Number	Authorised 2003 Number	2004 £	2003 £
Ordinary shares of 10p each	200,000	200,000	20,000	20,000
	2004 Number	Allotted, called up and fully paid 2003 Number	2004 £	2003 £
Ordinary shares of 10p each	136,500	132,000	13,650	13,200

On 18 December 2003, 4,500 ordinary 10p shares were issued at £9.00 per share.

16 Reserves

	Share premium £	Capital redemption £	Profit and loss account £
At 1 July 2003	185,670	1,800	938,683
Profit for the year	-	-	34,388
Premium on issue	40,050	-	-
At 30 June 2004	225,720	1,800	973,071

17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the year	205,013	172,859
Dividends	(170,625)	(132,000)
Increase in share premium	40,050	-
Share issue	450	-
Opening shareholders' funds	74,888 1,139,353	40,859 1,098,494
Closing shareholders' funds	1,214,241	1,139,353

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2004	2003
	Land and	Land and
	buildings	buildings
	£	£
Operating leases which expire:		
After five years	90,000	90,000

19 Reconciliation of operating profit to net cash flow from operating activities

	2004	2003
	£	£
Operating profit	313,465	270,443
Depreciation	69,410	68,767
Loss on sale of fixed assets	4,729	4,336
Increase in stocks	(100,757)	(159,749)
(Increase)/decrease in debtors	(253,868)	251,958
Increase/(decrease) in creditors	132,638	(33,856)
Net cash inflow from operating activities	165,617	401,899

The Original Poster Company Limited

Notes forming part of the financial statements for the year ended 30 June 2004 (Continued)

20 Reconciliation of net cash inflow to movement in net debt

	2004 £	2004 £	2003 £	2003 £
Decrease in cash in the year	(145,799)		(207,327)	
Cash inflow/(outflow) from change in debt and lease financing	58,204		(85,095)	
Movement in net debt resulting from cash flows		(87,595)		(292,422)
Inception of finance leases		(30,318)		(17,340)
Movement in net debt		(117,913)		(309,762)
Opening net debt		(769,713)		(459,951)
Closing net debt		(887,626)		(769,713)

21 Analysis of net debt

	At 1 July 2003 £	Cash flow £	Other non-cash changes £	At 30 June 2004 £
Cash in hand and at bank	52,695	32,663	-	85,358
Overdrafts	(110,798)	(178,462)	-	(289,260)
	(58,103)	(145,799)	-	(203,902)
Debt due after one year	(645,617)	33,959	-	(611,658)
Debt due within one year	(23,472)	(3,757)	-	(27,229)
Obligations under finance leases	(42,521)	28,002	(30,318)	(44,837)
Total	(769,713)	(87,595)	(30,318)	(887,626)