

COMPANY NUMBER

2597710



# DEAMAS DISPOSABLES LTD

DIRECTORS REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 5<sup>TH</sup> JULY 2002



# DEAMAS DISPOSABLES LTD

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# DEAMAS DISPOSABLES LTD

## Report of the Directors

The directors have pleasure in presenting their report and the audited financial statements for the year ended 5<sup>th</sup> July 2002.

### Principal Activity

The principal activity of the company is the production and supply of disposable paper.

### Review of the Business

Market conditions improved during the second half of the financial year but the directors are disappointed to note that a loss arose for the whole year. The directors' current open market valuation of the freehold site as at the date of this report is £3,300,000.

### Results and Dividends

The results for the year are set out on page 4. Dividends on the 99 cumulative preference shares were paid on 30<sup>th</sup> September 2001 and 31<sup>st</sup> March 2002. No participating and compensatory dividends were payable to the 'A' ordinary shareholders for the year ended 5<sup>th</sup> July 2002. Given that the company has made a loss for the year ended 5<sup>th</sup> July 2002 the directors do not recommend a dividend payable to the ordinary shareholders.

### Directors

The directors who served during the year and their beneficial interests in the company's issued ordinary capital were:

	2002	2001
A S TEJANI (Appointed 28 October 2002)		
J DANTON (Appointed 28 October 2002)		
M L MASON (Resigned 28 October 2002)	18,750	18,750
P A MASON (Resigned 28 October 2002)	18,750	18,750
D BOSWELL (Resigned 31 October 2001)	6,250	6,250
G H STADDON (Resigned 28 October 2002)	-	-

# DEAMAS DISPOSABLES LTD

## Report of the Directors

### 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 period. In preparing those financial statements, the directors are required to

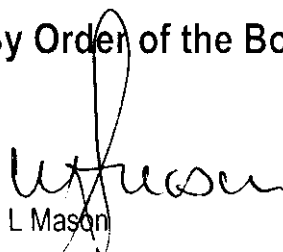
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare 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 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

Subsequent to the conclusion of their audit of these financial statements Raftery & Co. will resign as auditors to the company, and KPMG LLP will be appointed in their place.

### By Order of the Board



M L Mason

Park House  
Crossgate Road  
Park Farm Industrial Estate  
Redditch  
Worcs B98 7SN

28 October 2002

# DEAMAS DISPOSABLES LTD

## Report of the Independent Auditors to the Shareholders of Deamas Disposables Ltd

We have audited the financial statement of Deamas Disposables Ltd for the year ended 5<sup>th</sup> July 2002 on pages four to seventeen. These financial statements have been prepared under the historical cost convention and the accounting policies as set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the directors' report, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

### Basis of Opinion

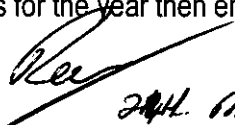
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 5<sup>th</sup> July 2002 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rafferty & Co  
Registered Auditors  
Chartered Accountants  
Marlborough House  
Warwick Road  
Solihull  
West Midlands B91 3DA

  
24th March 2003

# DEAMAS DISPOSABLES LTD

## Profit & Loss Account for the Year Ended 5 July 2002

	Notes	2002 £	2001 £
Turnover	2	11,323,283	10,469,598
Cost of sales		<u>9,038,216</u>	<u>8,390,027</u>
Gross profit		2,285,067	2,079,571
Administrative expenses		(2,298,384)	(2,786,847)
Operating (loss)	6	<u>(13,317)</u>	<u>(707,276)</u>
(Loss)/surplus on disposal of fixed assets		<u>(259)</u>	<u>5,685</u>
(Loss) on ordinary activities before Interest		(13,576)	(701,591)
Interest receivable		4	-
Interest payable and similar charges	5	<u>(402,358)</u>	<u>(395,640)</u>
(Loss) on ordinary activities before Taxation		(415,930)	(1,097,231)
Tax on results of ordinary activities	7	<u>54,466</u>	<u>36,877</u>
(Loss) for the year		<u>(361,464)</u>	<u>(1,060,354)</u>
Dividends and appropriations (including non equity)	8	<u>(4,491)</u>	<u>(38,156)</u>
(Loss) for the year	17	<u><u>(365,955)</u></u>	<u><u>(1,098,510)</u></u>

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

# DEAMAS DISPOSABLES LTD

## Statement of Total Recognised Gains & Losses For the Year Ended 5 July 2002

	2002 £	2001 £
Profit/(loss) for the financial year	(415,930)	(1,097,231)
Total recognised gains and losses relating to the year	<u>(415,930)</u>	<u>(1,097,231)</u>

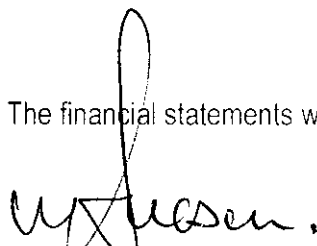
The attached notes form part of these financial statements.

# DEAMAS DISPOSABLES LTD

Balance Sheet as at 5 July 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	9	<u>4,742,000</u>	<u>5,168,438</u>
Current assets			
Stocks	10	567,128	588,126
Debtors	11	2,271,395	2,255,322
Cash at bank and in hand		-	94
		<u>2,838,523</u>	<u>2,843,542</u>
Creditors: amounts falling due within one year	12	<u>5,619,595</u>	<u>5,098,427</u>
Net current liabilities		<u>2,781,072</u>	<u>2,254,885</u>
Total assets less current liabilities		1,960,928	2,913,553
Creditors: amounts falling due after one year	13	2,332,349	2,814,982
Provision for liabilities and charges	14	337,456	-
Net assets		<u>(708,877)</u>	<u>98,571</u>
Capital and reserves			
Called up share capital	16	71,430	71,930
Share premium account	17	65,043	114,543
Profit and loss account	17	(845,350)	(87,902)
Shareholders' funds	17	<u>(708,877)</u>	<u>98,571</u>
Attributable to equity shareholders funds		(708,877)	48,571
Attributable to non-equity shareholders funds		-	50,000
		<u>(708,877)</u>	<u>98,571</u>

The financial statements were approved by the board on 28 October 2002 and signed on its behalf by

  
M L Mason

The attached notes form part of these financial statements.

# DEAMAS DISPOSABLES LTD

## Cash Flow Statement for the Year Ended 5 July 2002

	2002 £	2001 £
Net cash inflow from operating activities (note 22)	388,752	1,018,313
Returns on investments and servicing of finance (note 23)	(409,415)	(404,640)
Taxation	1,702	(20,644)
Capital expenditure (note 23)	(212,494)	(1,034,557)
	<u>(231,455)</u>	<u>(441,528)</u>
Equity dividends paid	(29,500)	-
	<u>(260,955)</u>	<u>(441,528)</u>
Financing (note 23)	(300,285)	222,608
(Decrease) in cash and cash equivalents	<u>(561,240)</u>	<u>(218,920)</u>

# DEAMAS DISPOSABLES LTD

## Reconciliation of Net Cash Flow to Movement in Net Debt (Note 24)

	2002 £	2001 £
(Decrease) in cash in the year	(561,240)	(218,920)
Cash inflow from increase in debt and lease financing	934,598	434,392
Change in net debt resulting from cashflows	<u>373,358</u>	<u>215,472</u>
Inception of new finance lease and hire purchase contracts	(761,770)	(848,350)
Movement in net debt in the year	<u>(388,412)</u>	<u>(632,878)</u>
Net debt at 30 June 2001	(5,112,870)	(4,479,992)
Net debt at 5 July 2002	<u>(5,501,282)</u>	<u>(5,112,870)</u>



# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of certain fixed assets, and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

In their financial statements, FRS 19 "Deferred tax" has been adopted for the first time. As a result the comparative figures for the year ended 5 July 2001 have been restated. This is to provide in full for deferred tax arising from timing difference between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Turnover is the amount, excluding value added tax, of the sales of goods and services charged by the company.

Stocks have been valued at the lower of cost and net realisable value.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their useful lives as follows:

Plant and machinery	10%, 20% & 33.3%	straight line
Motor vehicles	25%	straight line
Office equipment	10%, 20% & 33.3%	straight line
Freehold buildings	2%	straight line

Depreciation in respect of plant and machinery is first provided six months after date of purchase.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Government Grants are recognised in the profit and loss account over a number of years depending on the terms of the Grant.

Finance costs of non-equity shares, including dividends, premium on redemption and issue costs are charged at a constant rate in the profit and loss account as an appropriation of profit.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from the company in independently administered funds. The pension cost charge in the accounts represents contributions payable by the company to the fund.

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 2. Turnover

Analysis by geographical market

	2002 £	2001 £
United Kingdom	9,768,641	8,622,614
Europe	1,554,642	1,846,984
	<u>11,323,283</u>	<u>10,469,598</u>

### 3. Directors' Emoluments

	2002 £	2001 £
Emoluments (including benefits in kind)	293,504	316,710
Pension contributions to money purchase schemes in respect of 4 directors	65,217	50,683
Compensation for loss of office	22,279	
	<u>381,000</u>	<u>367,393</u>
Highest paid director		
Emoluments	134,910	126,764
Pension contributions to money purchase schemes	24,000	28,119
	<u>158,910</u>	<u>154,883</u>

### 4. Employee information

The average weekly number of persons (including executive Directors) employed by the company during the year was:

	2002	2001
By activity		
Production	54	44
Selling and Distribution	6	6
Administration	10	10
	<u>70</u>	<u>60</u>
	2002 £	2001 £
Staff costs (for the above persons)		
Wages and salaries	1,323,366	1,174,135
Social security costs	106,687	114,088
Other pension costs	97,134	83,941
	<u>1,527,187</u>	<u>1,372,164</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 5. Interest payable and similar charges

	2002 £	2001 £
On bank loans and overdrafts repayable within 5 years, not by instalments	24,375	3,561
On factoring loan	126,594	142,304
On finance leases and hire purchase contracts	136,238	117,874
On mortgage	115,151	131,901
	<u>402,358</u>	<u>395,640</u>

### 6. Operating profit

The operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible fixed assets		
- owned by the company	112,994	116,434
- held under finance leases and hire purchase contracts	351,163	327,987
- held under mortgage	48,870	48,000
- exceptional write off	191,103	838,456
Auditors' remuneration	6,000	6,000
Exchange losses	5,470	9,374
Operating lease rentals	<u>2,009</u>	<u>3,310</u>

### 7. Taxation

The charge in the profit and loss account comprises the following:

	2002 £	2001 £
Corporation tax based upon the results of the year @ 20% (2001 20%)	-	(15,298)
Adjustments relating to prior years	-	1,942
Total current tax	-	(13,356)
Deferred tax @ 30%	(54,466)	(41,569)
Write off ACT	-	18,048
	<u>(54,466)</u>	<u>(36,877)</u>
	2002 £	2001 £
Deferred tax		
Accelerated capital allowance provided opening/restated at 30%	418,876	433,491
Current year credit	<u>(37,286)</u>	<u>(14,615)</u>
Total actuated capital allowance	381,590	418,876
Losses available for offset against future trading profits	<u>(44,134)</u>	<u>(26,954)</u>
Total trading difference	<u>337,456</u>	<u>391,922</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 8. Dividends and Appropriation

	2002 £	2001 £
Proposed 'A' ordinary dividend		
- Participating dividend	-	-
- Compensatory dividend	-	30,641
Preference share dividends	4,062	6,807
Appropriations	429	708
Non equity appropriation	<u>4,491</u>	<u>38,156</u>

### 9. Tangible Fixed Assets

	Freehold premises	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation					
Brought forward 30 June 2001	2,807,987	3,392,370	273,441	178,941	6,652,739
Additions	4,822	240,119	62,730	2,980	310,651
Disposals	-	(191,103)	(112,547)	-	(303,650)
Carried forward 5 July 2002	<u>2,812,809</u>	<u>3,441,386</u>	<u>223,624</u>	<u>181,921</u>	<u>6,659,740</u>
Depreciation					
Brought forward 30 June 2001	94,000	1,167,984	119,849	102,468	1,484,301
Charge for the period	48,870	363,273	58,880	42,004	513,027
Exceptional charge	-	191,103	-	-	191,103
Disposals	-	(191,103)	(79,588)	-	(270,691)
Carried forward 5 July 2002	<u>142,870</u>	<u>1,531,257</u>	<u>99,141</u>	<u>144,472</u>	<u>1,917,740</u>
Net book value					
At 5 July 2002	<u>2,669,939</u>	<u>1,910,129</u>	<u>124,483</u>	<u>37,449</u>	<u>4,742,000</u>
At 30 June 2001	<u>2,713,987</u>	<u>2,224,386</u>	<u>153,592</u>	<u>76,473</u>	<u>5,168,438</u>

The net book value of tangible fixed assets includes an amount of £1,628,000 (2001 £1,978,000) in respect of assets held under finance leases. Freehold premises are held under a mortgage and include £928,000 (2001 £928,000) in respect of land, which is not subject to depreciation.

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 10. Stocks

	2002 £	2001 £
Stocks		
Raw materials	377,082	328,305
Finished stocks and work in progress	190,046	259,821
	<u>567,128</u>	<u>588,126</u>

### 11. Debtors: Amounts falling due within one year

	2002 £	2001 £
Trade debtors	2,142,098	2,145,423
Corporation Tax	15,298	17,000
Other debtors	16,702	15,484
Prepayments and accrued income	97,297	77,415
	<u>2,271,395</u>	<u>2,255,322</u>

Trade debtors include factored debts totalling £2,148,379 (2001 £2,026,641)

### 12. Creditors: Amounts falling due within one year

	2002 £	2001 £
Mortgage loan	119,000	93,600
Net obligations under finance leases and hire purchase contracts	433,217	528,856
Other creditors	2,088,578	1,816,070
Bank overdraft	788,005	226,859
Trade creditors	1,919,060	2,279,793
Taxation and social security costs	87,282	98,808
Accruals and deferred income	184,453	24,941
Proposed dividend	-	29,500
	<u>5,619,595</u>	<u>5,098,427</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 13. Creditors: Amounts falling due after one year:

	2002 £	2001 £
Mortgage	1,503,028	1,626,178
Net obligations under finance leases and hire purchase contracts	829,321	938,804
Other creditors	-	250,000
	<u>2,332,349</u>	<u>2,814,982</u>

The aggregate amounts repayable by instalments, which falls due after more than 5 years is £1,023,094. The repayment terms are monthly instalments over a period of 15 years. The interest rate is 2% above 3 month LIBOR.

### 14. Provision for liabilities and charges

	2002 £	2001 £
Deferred tax at beginning of year	-	-
Prior year adjustment – see reserves note	-	433,491
At beginning of year restated at 30%	<u>391,922</u>	<u>433,491</u>
Credit for year at 30%	<u>(54,466)</u>	<u>(41,569)</u>
	<u>337,456</u>	<u>391,922</u>

### 15. Pension scheme

The company operates defined contributions pension schemes. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge in the financial statements represents contributions payable by the company to the fund and amounted to £105,726 (2001 - £83,941). There were no contributions outstanding at the year-end.

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 16. Capital

	2002 £	2001 £
Authorised:		
50,000 ordinary shares of £1 each	50,000	50,000
21,430 'A' ordinary shares of £1 each	21,430	21,430
200,000 9% cumulative redeemable preference shares of 1p each	2,000	2,000
	<u>73,430</u>	<u>73,430</u>
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000
21,430 'A' ordinary shares of £1 each	21,430	21,430
50,000 (2000 100,000) 9% cumulative redeemable preference shares of 1p each	NIL	500
	<u>71,430</u>	<u>71,930</u>

On 4<sup>th</sup> January 1996, the company issued 200,000 1p cumulative preference shares and 21,430 'A' ordinary shares of £1 each for a consideration of £200,000 and £100,000 respectively. Issue costs were £9,018 and £4,509 respectively. The preference shares are redeemable £1 per share by four instalments of 50,000 shares each to be made annually on 30<sup>th</sup> September of each year commencing 30<sup>th</sup> September 1998. The preference shares were fully redeemed during the year.

The 'A' ordinary shares may be converted one for one into ordinary shares at any time when decided by 75% of the holders of the 'A' ordinary shares.

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 17. Movement in shareholders funds

	Share Capital £	Share Premium £	Profit & Loss Account £	Total 2002 £	Total 2001 £
At 1 <sup>st</sup> July 2001	71,930	114,543	(87,902)	98,571	1,337,742
Prior year adjustment (note 14)			(391,922)	(391,922)	
Retained Profit/(loss) for year for equity Shareholders			(365,955)	(365,955)	(1,189,879)
Redemption of 50,000 preference shares	(500)	(49,500)		(50,000)	(50,000)
Other finance costs of non equity shares			429	429	708
At 5 July 2002	<u>71,430</u>	<u>65,043</u>	<u>(845,350)</u>	<u>(708,877)</u>	<u>98,571</u>

The prior year adjustment relates to the implementation of FRS19, deferred taxation. This has resulted in a restatement of the comparative figures by decreasing the tax charge for the year ended 30<sup>th</sup> June 2001 by £41,569, recognising a deferred tax provision at 30 June 2001 of £391,922 and reducing the profit and loss account reserve at 30 June 2001 by £391,922.

### 18. Secured liabilities

At the 5 July 2002 the aggregate amount of secured liabilities was £5,501,282(2001 £5,112,964). £1,622,028 (2001 £1,719,778) is secured by a first fixed legal charge with full title guarantee over the freehold interest in the property; £1,262,538(2001 £1,467,660) relating to hire purchase and finance lease liabilities are secured on the respective assets and by a debenture. The overdraft facility is secured on the assets of the company under standard debenture. At 5 July 2002 the overdraft was £768,005 (2001 £226,859); £1,828,711(2001 £1,698,667) is secured on debts that are subject to an invoicing discounting arrangement. Mr M L Mason and Mrs P A Mason have provided personal guarantees in respect of certain facilities provided for the company.

### 19. Contingent liabilities

The company has a £10,000 HM Customs and Excise bond.

### 20. Capital commitments

At the year-end the company had contracts for capital expenditure not provided for amounting to £21,000 (2001 £221,000).



# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 21. Leasing commitments

At 5 July 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Other		
Within one year	2,350	2,350

### 22. Reconciliation of operating profit to net cash inflow from operating activities

	2002 £	2001 £
Operating (Loss)/profit	(13,317)	(707,276)
Depreciation on tangible fixed assets	704,130	1,330,877
Decrease in stocks	20,998	115,265
(Increase)/decrease in debtors	(17,775)	320,227
(Decrease) in creditors	(305,284)	(40,780)
Net cash inflow from continuing operating activities	<u>388,752</u>	<u>1,018,313</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 23. Gross cash flows

	2002 £	2001 £
Returns on investment and servicing of finance		
Interest receivable	4	-
Interest payable	(24,375)	(3,561)
Preference dividend paid	(7,061)	(9,000)
Interest element of finance lease and hire purchase rental payments	(136,238)	(117,874)
Factoring interest	(126,594)	(142,304)
Mortgage interest	(115,151)	(131,901)
	<u>(409,415)</u>	<u>(404,640)</u>
	2002 £	2001 £
Capital expenditure		
Purchase of tangible fixed assets	(233,194)	(1,045,057)
Sale of tangible fixed assets	20,700	10,500
	<u>(212,494)</u>	<u>(1,034,557)</u>
	2002 £	2001 £
Financing		
Increase in factoring loan	130,044	49,870
Repayment of preference shares	(50,000)	(50,000)
Capital element of finance lease and hire purchase rental payments	(966,892)	(385,062)
Refinancing of existing assets	684,313	707,000
New mortgage advance repayable October 2012		-
Repayment of capital element of mortgage advance	(97,750)	(99,200)
	<u>(300,285)</u>	<u>222,608</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

### 24. Analysis of net debt

	At 30 June 2001	Cash Flow	Other non cash changes	At 5 July 2002
	£	£	£	
Cash at bank and in hand	94	(94)		-
Bank overdrafts	(226,859)	(561,146)		(788,005)
		<u>(561,240)</u>		
Factoring loan	(1,698,667)	(130,044)		(1,828,711)
Mortgage	(1,719,778)	97,750		(1,622,028)
Net obligation under finance leases and hire purchase contracts	(1,467,660)	966,892	(761,770)	(1,262,538)
		<u>934,598</u>		
	<u>(5,112,870)</u>	<u>373,358</u>	<u>(761,770)</u>	<u>(5,501,282)</u>

### 25. Controlling parties

The controlling parties of the company are ML Mason and Mrs PA Mason who jointly hold 52.5% of the voting rights of the company's issued ordinary share capital. On 28 October 2002, 82.5% of the issued share capital was acquired by LPC Group PLC.

### 26. Transactions with Directors

During the year the Company repaid loans received from Rowington Associates Limited. The loans are interest free. At the year end the company owed Rowington Associates Limited £250,000 (2001 £365,202).

Mr ML and Mrs PA Mason were directors and shareholders of Rowington Associates Limited during the year.

Vizons Limited, a company in which Mr M L Mason is a director and a shareholder made and received supplies in the normal course of trading totalling £20,000 and £568 respectively. The balance owed by the company to Vizons Limited as at 5<sup>th</sup> July 2002 was £12,500.

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

	2002 £	2001 £
Sales	<u>11,323,283</u>	<u>10,469,598</u>
Direct costs		
Purchases	6,825,315	6,340,268
Haulage	555,582	431,405
Commission	31,008	34,059
Packaging	805,740	799,221
Direct labour (including national insurance)	799,573	669,809
Movement in stocks and work in progress	20,998	115,265
Total direct costs	<u>9,038,216</u>	<u>8,390,027</u>
Gross profit	2,285,067	2,079,571
Overheads		
Salaries	275,828	273,313
Employers national insurance (inc directors)	58,491	67,404
Staff welfare and pension contributions	42,322	48,144
Telephone	34,103	26,834
Insurance	109,457	76,885
Sundry expenses	19,426	14,361
Rates	121,621	118,001
Heat, light and power	67,524	72,114
Repairs, maintenance and factory consumables	150,972	143,915
Motor and travelling expenses	77,464	72,887
Advertising & promotional	60,031	80,207
Printing, stationery, post and computer	41,482	33,437
Audit and accountancy	21,802	23,470
Legal and professional charges	6,526	7,730
Bad debts	45,801	50,247
Bank interest and charges	29,043	7,865
Mortgage interest	115,151	131,901
Factoring charges	28,734	24,677
Factoring discount charge	126,594	142,304
Settlement discount	35,786	26,565
Hire purchase charges	136,238	117,874
Directors' remuneration	284,214	277,698
Directors' pension scheme	65,217	50,683
Consultancy fees and expenses	33,986	5,250
Training	1,320	3,399
Carried forward	<u>1,989,133</u>	<u>1,897,165</u>

# DEAMAS DISPOSABLES LTD

## Notes to the Financial Statements for the Year Ended 5 July 2002

Brought forward	1,989,133	1,897,165
Depreciation – buildings	48,870	48,000
Depreciation - motor vehicles	58,880	69,168
Depreciation - office equipment	42,004	42,224
Depreciation - plant and machinery	363,273	333,029
Hire of plant and machinery/equipment	2,009	3,310
Leasing		
Loss/profit on disposal of fixed assets	259	(5,685)
Exchange losses	5,470	9,374
Management Charge	-	(130,000)
Total overheads	<u>2,509,898</u>	<u>2,266,585</u>
Trading loss	(224,831)	(187,014)
Exceptional item – stock write down	-	(71,761)
- depreciation	(191,103)	(838,456)
Non trading income		
Interest receivable	4	-
Loss for the year	<u>(415,930)</u>	<u>(1,097,231)</u>

The above trading and profit and loss account does not form part of the audited financial statements.