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SPEEDMAIL INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1997

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SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS AND ADVISERS

FOR THE YEAR ENDED 30TH JUNE 1997

DIRECTORS	Mr N Manzi Mr M Stokes
COMPANY SECRETARY	Mr M Davis
REGISTERED OFFICE	Unit B4 Galleywall Trading Estate Galleywall Road London SE16 3PB
INCORPORATION NUMBER	2826426
AUDITORS	Good and Co Chartered Accountants 148 Milton Street Maidstone Kent ME16 8LL
BANKERS	Midland Bank PLC 16 High Street Maidstone Kent ME14 1HX
SOLICITORS	Argles & Court 12 Mill Street Maidstone Kent ME15 6XU

SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1997

The Directors present their Report and the Financial Statements for the year ended 30th June 1997.

Statement of Directors' Responsibilities

Company Law requires the director to prepare financial statements for each financial year that give a true and fair view of the affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements the directors are required to :

- \* select suitable accounting policies and 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 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 that disclose with reasonable accuracy at any time the financial position of the company and enable the directors to ensure that the financial statements comply with Companies Act 1985. The directors 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.

Review of the Business

The company is principally engaged as a distributor of commercial mail.

The directors are satisfied with the results for the year and look forward to continuing growth in the next year.

Results and Dividends

The profit for the year after taxation amounted to £18812 (1996:£101395) as shown on page 7.

No interim dividend was paid and the directors do not recommend payment of a final dividend.

Fixed Assets

Movements in fixed assets are shown in the notes to the financial statements.

SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30TH JUNE 1997

Directors

The directors during the year and their share holdings in the company to which they were beneficially interested at the beginning and the end of the year were :

Ordinary Shares of £1 each

	<u>1997</u>	<u>1996</u>
Mr N Manzi	1	1
Mr M Stokes	NIL	NIL

Mr M Stokes retires by rotation and, being eligible, offers himself for re-election.

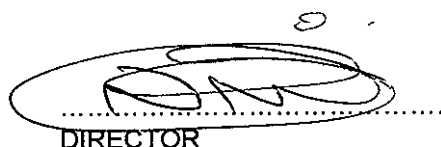
Close Company Status

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Messrs Good & Co., have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD

  
.....  
DIRECTOR

## **SPEEDMAIL INTERNATIONAL LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS OF SPEEDMAIL INTERNATIONAL LTD**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

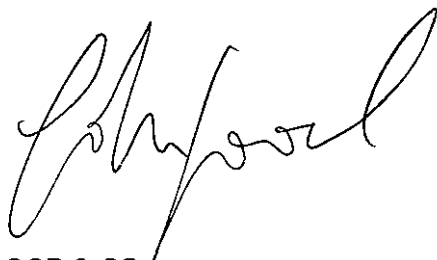
### **BASIS OF OPINION**

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 consider 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 the 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 30th June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GOOD & CO**

Chartered Accountants and Registered Auditors

148 Milton Street  
Maidstone  
Kent  
ME16 8LL

SPEEDMAIL INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 30TH JUNE 1997

			<u>1996</u>
	<u>Notes</u>	£	£
<b><u>Fixed Assets</u></b>			
Tangible Assets	2	521994	363386
<b><u>Current Assets</u></b>			
Debtors	3	618354	385094
Cash at Bank		<u>158887</u>	<u>63726</u>
		777241	448820
<b>CREDITORS: Amounts falling due within one year</b>	4	<u>805041</u>	<u>454891</u>
<b>Net Current Liabilities</b>		<u>-27800</u>	<u>-6071</u>
<b>Total Assets Less Current Liabilities</b>		494194	357315
<b>CREDITORS: Amounts falling due after more than one year</b>	5	225535	91537
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	6	<u>-28326</u>	<u>-12395</u>
<b>NET ASSETS</b>		<u>296985</u>	<u>278173</u>
<b><u>Capital and Reserves</u></b>			
Share Capital	7	3	3
Profit and Loss Account		<u>296982</u>	<u>278170</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>296985</u>	<u>278173</u>

The Financial Statements on pages 6 - 14 were approved by the Board of Directors on 30th July 1998 and were signed on its behalf by:

  
 Mr N. Manzi  
DIRECTOR

SPEEDMAIL INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1997

			<u>1996</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
Turnover	10	3814909	2776609
Cost of Sales		<u>2598959</u>	<u>1898721</u>
Gross Profit		1215950	877888
Administrative Expenses		<u>1138399</u>	<u>713291</u>
Operating Profit	11	77551	164597
Interest Payable and Similar charges	13	<u>50073</u>	<u>17281</u>
Profit on Ordinary Activities before Tax		27478	147316
Tax on Profit on Ordinary Activities	14	<u>8666</u>	<u>45921</u>
Profit on Ordinary Activities after Tax		18812	101395
Retained Profit Brought Forward		<u>278170</u>	<u>176775</u>
Retained Profit Carried Forward		<u>296982</u>	<u>278170</u>

The company has no recognised gains or losses other than the profit for the year.

All amounts relate to continuing activities.

The notes on pages 9 - 14 form part of these Financial Statements.

SPEEDMAIL INTERNATIONAL LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 1997

		<u>1996</u>
	£	£
<b>Net Cash Inflow from Operating Activities (Note 15)</b>	352705	317195
<b>Returns on Investments and Servicing of Finance</b>		
Interest Element of Finance Lease Rental Payments	<u>50073</u>	<u>17281</u>
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>	<u>302632</u>	<u>299914</u>
<b>Taxation</b>		
Corporation Tax Paid	20125	34917
<b>Investing Activities</b>		
Payments to Acquire Fixed Assets	284108	153328
Receipts from Sales or Disposals of Fixed Assets	<u>345304</u>	<u>62001</u>
<b>Net Cash Inflow (Outflow) from Investing Activities</b>	<u>61196</u>	<u>-91327</u>
<b>Net Cash Inflow before Financing</b>	343703	173670
<b>Financing</b>		
Capital Element of Finance Lease Repayments	<u>248543</u>	<u>186628</u>
<b>Net Cash Outflow from Financing</b>	<u>-248543</u>	<u>-186628</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>95160</u>	<u>-12958</u>



SPEEDMAIL INTERNATIONAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1997

**1 Accounting Policies**

The Financial Statements are prepared in accordance with applicable accounting standards on the basis of the Historical Cost Convention.

Fixed Assets are stated at cost less depreciation.

Depreciation is provided for all tangible fixed assets having a finite useful economic life by charging their cost, less estimated residual value, to the Profit and Loss Account over the entire period expected to benefit from their use;

The following rates per annum are the Company's best estimate of this charge and have been used on the basis shown below:

Motor Vehicles	25% reducing balance
Motor Vans	25% reducing balance
Fixtures and Fittings & Equipment	25% straight line
Leasehold Improvements	2% straight line

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income as incurred.

Turnover represents sales to outside customers at invoiced amounts less VAT.

The Company operates an Executive Pension Scheme for its senior employees. The funds of the scheme are administered by trustees and are separate from the company. Contributions are paid into the scheme so as to secure the benefits set out in the rules. Any variation of contributions from the regular level are charged or credited to profits on a systematic basis over the remaining service life of the executives.

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont...

FOR THE YEAR ENDED 30TH JUNE 1997

2 Tangible Fixed Assets

	<u>Leasehold improvements</u>	<u>Motor Vans</u>	<u>Motor Cars</u>	<u>Fixtures, Fittings and Equipment</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st July 1996	83159	97958	242199	85261	508577
Additions	-	57264	620900	12783	690947
Disposals	-	10843	428576	-	439419
At 30th June 1997	<u>83159</u>	<u>144379</u>	<u>434523</u>	<u>98044</u>	<u>760105</u>

Depreciation

At 1st July 1996	1663	35961	71435	36132	145191
Charge for the Year	1663	28672	106245	24505	161085
Disposals	-	<u>6268</u>	<u>61897</u>	-	<u>68165</u>
At 30th June 1997	<u>3326</u>	<u>58365</u>	<u>115783</u>	<u>60637</u>	<u>238111</u>

Net Book Value

At 30th June 1997	<u>79833</u>	<u>86014</u>	<u>318740</u>	<u>37407</u>	<u>521994</u>
At 30th June 1996	<u>81496</u>	<u>61997</u>	<u>170764</u>	<u>49129</u>	<u>363386</u>

Included in the total net book value of tangible fixed assets held at 30th June 1997 was £305129 (1996:£194625) in respect of assets held under finance leases and hire purchase contracts.

3 Debtors

	<u>£</u>	<u>1996 £</u>
Trade Debtors	612466	374508
Other Debtors	1295	1295
Directors' Loan Accounts	<u>4593</u>	<u>9291</u>
	<u>618354</u>	<u>385094</u>

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont...

FOR THE YEAR ENDED 30TH JUNE 1997

4 Creditors - Amounts Falling Due Within One Year

	£	<u>1996</u> £
Trade Creditors	474858	249595
Other Creditors	71750	43000
Corporation Tax	75662	71190
Other Tax and Social Security	109113	41747
Obligations under Finance Leases and Hire Purchase Contracts	<u>73658</u>	<u>49359</u>
	<u>805041</u>	<u>454891</u>

5 Creditors - Amounts Falling Due After More Than One Year

Obligations under Finance leases & Hire Purchase Contracts	<u>225535</u>	<u>91537</u>
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All obligations are payable within one to five years

6 Provisions for Liabilities and Charges

	£	<u>1996</u> £
Balance at 1st July 1996	-12395	-5616
Increase in Deferred Tax Asset	<u>-15931</u>	<u>-6779</u>
Balance at 30th July 1997	<u>-28326</u>	<u>-12395</u>

The amount provided and the potential asset of deferred taxation is as follows:

	Provided £	Potential £	<u>1996</u> Provided £	<u>1996</u> Potential £
The accumulated excess of depreciation over corresponding capital allowances	<u>28326</u>	-	<u>12395</u>	-
	<u>28326</u>	-	<u>12395</u>	-

7 Share Capital

The authorised, allotted and full paid share capital of the company at 1st July 1996 and 30th June 1997 consisted of :

	<u>Authorised</u>	<u>Allotted, called up and fully paid.</u> £
Ordinary Shares of £1 each	<u>100</u>	<u>3</u>

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont...

FOR THE YEAR ENDED 30TH JUNE 1997

8 Capital Commitments

Commitments for capital expenditure at the end of the year were as follows:

	£	<u>1996</u> £
Authorised and contracted for	<u>NIL</u>	<u>NIL</u>
Authorised but not contracted for	<u>NIL</u>	<u>NIL</u>

9 Leasing Commitments

At 30th June 1997 the company had annual commitments under non-cancellable operating leases as detailed below:

	Land and <u>Buildings</u>	<u>Other</u>	Land and <u>Buildings</u>	<u>1996</u> <u>Other</u>
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	10290	-	10290	-
After more than five years	<u>70778</u>	-	<u>70778</u>	-
	<u>81068</u>	-	<u>81068</u>	-

10 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services to customers during the period.

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont...

FOR THE PERIOD ENDED 30TH JUNE 1997

11 Operating Profit

The operating profits, which result from continuing operations only, during the year ended 30th June 1997 and the year ended 30th June 1996, are analysed as follows:

			<u>1996</u>	<u>1996</u>
	<u>Continuing</u>	<u>Total</u>	<u>Continuing</u>	<u>Total</u>
	£	£	£	£
Turnover	<u>3814909</u>	<u>3814909</u>	<u>2776609</u>	<u>2776609</u>
Cost of Sales	<u>2598959</u>	<u>2598959</u>	<u>1898721</u>	<u>1898721</u>
<u>Net Operating Expenses</u>				
Administrative	<u>1138319</u>	<u>1138319</u>	<u>713291</u>	<u>713291</u>
Operating Profit	<u>77551</u>	<u>77551</u>	<u>164597</u>	<u>164597</u>

The total figures for net operating expenses for continuing operations in the year ended 30th June 1997 and the year ended 30th June 1996 includes £Nil in respect of acquisitions

Operating profit is stated after charging:-

		<u>1996</u>
	£	£
Total directors' emoluments	57327	56038
Auditors remuneration and expenses	2800	2500
Depreciation and amortisation of owned assets	40084	39010
Depreciation of assets held under finance leases and hire purchase contracts	121001	64877
Loss on sale of tangible fixed assets	25950	12763
Hire of plant and machinery - operating leases	<u>44862</u>	<u>20781</u>

12 Staff Costs

The average number of persons employed by the company, including directors, during the year was as follows :-

		<u>1996</u>
Management and administration	10	8
Production	68	36
Sales	<u>4</u>	<u>3</u>
	<u>82</u>	<u>47</u>

The aggregate payroll costs of these persons were as follows :-

Wages and salaries	683676	438050
Social security costs	64630	40268
Other pension costs	<u>48015</u>	-
	<u>796321</u>	<u>478318</u>

SPEEDMAIL INTERNATIONAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1997

13 Interest Payable and Similar Charges

	£	<u>1996</u> £
Finance Charges Payable :-		
Finance leases and hire purchase contracts	<u>50073</u>	<u>17281</u>

14 Tax on Profit on Ordinary Activities

	£	<u>1996</u> £
Corporation Tax for the Year at 23.25% (1996:24.75%)	24597	52700
Deferred Taxation	<u>-15931</u>	<u>-6779</u>
	<u>8666</u>	<u>45921</u>

15 Notes to the Cashflow Statement

Reconciliation of operating profit to net cash inflow from operating activities :-

	£	<u>1996</u> £
Operating Profit	77551	164597
Depreciation Charges	161085	100561
Loss on Sale of Tangible Fixed Assets	25950	12763
Increase in Debtors	-233260	-113818
Increase in Creditors	<u>321379</u>	<u>153092</u>
Net Cash Inflow from Operating Activities	<u>352705</u>	<u>317195</u>