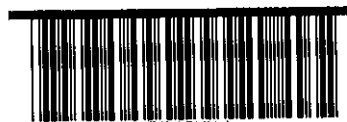


Registration Number 03529845

**SMS AGENCIES LTD.**

**Directors' Report and Financial Statements**

**for the year ended 31 May 2000**



A01  
COMPANIES HOUSE

\*ARD48XUJ\*

0282  
05/02/01

# **SMS AGENCIES LTD.**

## **Contents**

	<b>Page</b>
Directors' Report	<b>1 - 2</b>
Auditors' Report	<b>3</b>
Profit and Loss Account	<b>4</b>
Balance Sheet	<b>5</b>
Cash Flow Statement	<b>6</b>
Notes to the Financial Statements	<b>7 - 13</b>

## **SMS AGENCIES LTD.**

### **Directors' Report for the year ended 31 May 2000**

The directors present their report and the financial statements for the year ended 31 May 2000.

#### **Principal Activity and Review of the Business**

The company commenced to trade on 1 June 1999 and the principal activity is that of a specialist agency in the provision of staff to the distribution industry. The company has consolidated its position during the year as a leading agency in this market.

#### **Results And Dividends**

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

#### **Future Developments**

The development of new markets has been encouraging and the next year will see a rapid expansion of the company's activities in the retail sector.

#### **Employment Policy**

It is the company's policy to provide positions to disabled people where possible. All employees are made aware of the aims and objectives of the business.

#### **Directors and their Interests**

The directors who served during the year and their interests in the company are as stated below:

		<b>Ordinary shares</b>	
		<b>2000</b>	<b>1999</b>
M Gates		1	1
L Gates		1	1
B Cook	(Appointed 8 July 1999)	1	1

#### **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 the affairs of the company and of the profit or loss of the company for that year. In preparing these 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 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.

Continued.....

**SMS AGENCIES LTD.**

**Directors' Report  
for the year ended 31 May 2000**

.....Continued

**Auditors**

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Tyas & Company will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on 1 February 2001 and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'J. Atkinson', is written over the printed name.

**J. Atkinson  
Secretary**

## **SMS AGENCIES LTD.**

### **Auditors' Report to the Shareholders of SMS Agencies Ltd.**

We have audited the financial statements on pages 4 to 13 which have been prepared in accordance with 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 whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned 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 31 May 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**5 East Park  
Crawley  
West Sussex  
RH10 6AN**



**TYAS & COMPANY  
CHARTERED ACCOUNTANTS AND  
REGISTERED AUDITORS**

**1 February 2001**

# SMS AGENCIES LTD.

## Profit and Loss Account for the year ended 31 May 2000

		Continuing operations	
		2000	1999
	Notes	£	£
Turnover	2	15,157,511	-
Cost of sales		(11,024,794)	-
Gross profit		4,132,717	-
Administrative expenses		(4,607,145)	-
Other operating income		2,478	-
Operating (loss)	3	(471,950)	-
Interest receivable and similar income	4	1,928	-
Interest payable and similar charges	5	(9,515)	-
(Loss) for the year		(479,537)	-

There are no recognised gains or losses other than the loss for the above financial year.

There were no acquisitions or discontinued operations during the current year.

The notes on pages 7 to 13 form an integral part of these financial statements.

**SMS AGENCIES LTD.**

**Balance Sheet  
as at 31 May 2000**

	Notes	2000		1999	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	7		250,090		-
<b>Current Assets</b>					
Debtors	8	3,231,890		-	
Cash at bank and in hand		100,000		3	
		<u>3,331,890</u>		<u>3</u>	
<b>Creditors: amounts falling due within one year</b>	9	(4,036,209)		-	
<b>Net Current (Liabilities)/Assets</b>			<u>(704,319)</u>		<u>3</u>
<b>Total Assets Less Current Liabilities</b>			(454,229)		3
<b>Creditors: amounts falling due after more than one year</b>	10		(25,305)		-
<b>Net (Liabilities)/Assets</b>			<u>(479,534)</u>		<u>3</u>
<b>Capital and Reserves</b>					
Called up share capital	11		3		3
Profit and loss account			(479,537)		-
<b>Equity Shareholders' Funds</b>	12		<u>(479,534)</u>		<u>3</u>

The financial statements were approved by the Board on 1 February 2001 and signed on its behalf by

**M Gates  
Director**

**L Gates  
Director**

**B Cook  
Director**

The notes on pages 7 to 13 form an integral part of these financial statements.

# SMS AGENCIES LTD.

## Cash Flow Statement for the year ended 31 May 2000

	Notes	2000 £	1999 £
<b>Reconciliation of operating (loss) to net cash inflow from operating activities</b>			
Operating (loss)		(471,950)	-
Depreciation		96,402	-
(Increase) in debtors		(3,231,890)	-
Increase in creditors		3,914,443	-
<b>Net cash inflow from operating activities</b>		<u>307,005</u>	<u>-</u>
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities		307,005	-
Returns on investments and servicing of finance	16	(7,587)	-
Capital expenditure	16	(294,320)	-
		<u>5,098</u>	<u>-</u>
Financing	16	-	3
<b>Increase in cash in the year</b>		<u>5,098</u>	<u>3</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 17)</b>			
<b>Increase in cash in the year</b>		5,098	3
New finance leases		(52,172)	-
<b>Movement in net funds in the year</b>		<u>(47,074)</u>	<u>3</u>
<b>Net funds at 1 June 1999</b>		3	-
<b>Net funds at 31 May 2000</b>		<u>(47,071)</u>	<u>3</u>



# **SMS AGENCIES LTD.**

## **Notes to the Financial Statements for the year to 31 May 2000**

### **1. Accounting Policies**

#### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

#### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

#### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings

and equipment - 25% on a straight line basis

Motor vehicles - 25% on a reducing cost basis

Improvements to premises - 25% on a reducing cost basis

#### **1.4. Leasing and hire purchase commitments**

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Assets obtained under hire purchase contracts are capitalised and depreciated over their useful lives. Obligations under finance leases 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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.5. Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

### **2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

**SMS AGENCIES LTD.**

**Notes to the Financial Statements  
for the year to 31 May 2000**

..... continued

<b>3. Operating (loss)</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating (loss) is stated after charging:		
Depreciation of tangible fixed assets	89,084	-
Loss on disposal of tangible fixed assets	7,318	-
Operating lease rentals		
- Motor vehicle leasing	75,273	-
Auditors' remuneration	6,000	-
	<u>          </u>	<u>          </u>
 <b>4. Interest receivable and similar income</b>	 <b>2000</b>	 <b>1999</b>
	<b>£</b>	<b>£</b>
Bank interest	1,884	-
Other interest	44	-
	<u>          </u>	<u>          </u>
	1,928	-
	<u>          </u>	<u>          </u>
 <b>5. Interest payable and similar charges</b>	 <b>2000</b>	 <b>1999</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	2,244	-
Hire purchase interest	7,250	-
On overdue tax	21	-
	<u>          </u>	<u>          </u>
	9,515	-
	<u>          </u>	<u>          </u>

**SMS AGENCIES LTD.**

**Notes to the Financial Statements  
for the year to 31 May 2000**

..... continued

**6. Employees**

**Number of employees**

The average monthly numbers of employees  
(including the directors) during the year were:

	<b>2000</b>	<b>1999</b>
Agency employees	1,000	-
Administration and management	70	-
	<u>1,070</u>	<u>-</u>

**Employment costs**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Wages and salaries	12,751,372	-
Social security costs	1,078,180	-
	<u>13,829,552</u>	<u>-</u>

**6.1. Directors' emoluments**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	<u>1,115,193</u>	<u>-</u>

**Higest Paid Director**

Amounts included above:

	<b>£</b>	<b>£</b>
Emoluments and other benefits	<u>382,952</u>	<u>-</u>

No shares are receivable or were received during the year by any director under a long term incentive scheme.

**SMS AGENCIES LTD.**

**Notes to the Financial Statements  
for the year to 31 May 2000**

..... continued

**7. Tangible fixed assets**

	<b>Fixtures, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Improvements to premises</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
Additions	250,305	90,420	16,867	357,592
Disposals	-	(24,138)	-	(24,138)
At 31 May 2000	<u>250,305</u>	<u>66,282</u>	<u>16,867</u>	<u>333,454</u>
<b>Depreciation</b>				
On disposals	-	(5,720)	-	(5,720)
Charge for the year	62,577	22,290	4,217	89,084
At 31 May 2000	<u>62,577</u>	<u>16,570</u>	<u>4,217</u>	<u>83,364</u>
<b>Net book values</b>				
At 31 May 2000	<u>187,728</u>	<u>49,712</u>	<u>12,650</u>	<u>250,090</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

<b>Asset description</b>	<b>2000</b>		<b>1999</b>	
	<b>Net</b>	<b>Depreciation</b>	<b>Net</b>	<b>Depreciation</b>
	<b>book value</b>	<b>charge</b>	<b>book value</b>	<b>charge</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Equipment	16,326	5,442	-	-
Motor vehicles	49,712	16,570	-	-
	<u>66,038</u>	<u>22,012</u>	<u>-</u>	<u>-</u>

**8. Debtors**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,877,055	-
Other debtors	85,285	-
Prepayments and accrued income	269,550	-
	<u>3,231,890</u>	<u>-</u>

**SMS AGENCIES LTD.**

**Notes to the Financial Statements  
for the year to 31 May 2000**

..... continued

<b>9. Creditors: amounts falling due within one year</b>	<b>2000 £</b>	<b>1999 £</b>
Bank overdraft (secured)	94,899	-
Net obligations under finance leases and hire purchase contracts (secured)	26,867	-
Trade creditors	92,030	-
Other taxes and social security costs	1,452,349	-
Other creditors	2,120,021	-
Accruals and deferred income	250,043	-
	<u>4,036,209</u>	<u>-</u>

The bank overdraft and hire purchase are secured on the assets of the company.

<b>10. Creditors: amounts falling due after more than one year</b>	<b>2000 £</b>	<b>1999 £</b>
Net obligations under finance leases and hire purchase contracts (secured)	<u>25,305</u>	<u>-</u>

<b>11. Share capital</b>	<b>2000 £</b>	<b>1999 £</b>
<b>Authorised equity</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid equity</b>		
3 Ordinary shares of £1 each	<u>3</u>	<u>3</u>

<b>12. Reconciliation of movements in shareholders' funds</b>	<b>2000 £</b>	<b>1999 £</b>
(Loss) for the year	(479,537)	-
Net proceeds of equity share issue	-	3
Net addition to/deduction from shareholders' funds	<u>(479,537)</u>	<u>3</u>
Opening shareholders' funds	3	-
	<u>(479,534)</u>	<u>3</u>

# SMS AGENCIES LTD.

## Notes to the Financial Statements for the year to 31 May 2000

..... continued

### 13. Financial commitments

At 31 May 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
<b>Expiry date:</b>				
Within one year	21,390	-	-	-
Between one and five years	2,860	-	75,855	-
	<u>24,250</u>	<u>-</u>	<u>75,855</u>	<u>-</u>

### 14. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount Owing		Maximum in year
	2000	1999	
	£	£	£
M Gates	26,480	-	51,309
L Gates	26,509	-	61,165
B Cook	<u>26,137</u>	<u>-</u>	<u>50,421</u>

The directors have given personal guarantees in respect of the bank overdraft.

### 15. Related party transactions

The company was under the control of M Gates, L Gates and B Cook, the directors of the company, throughout the year.

The company used services costing £36,991 from Cook Solutions Limited, a computer consultancy during the year. The sole director of Cook Solutions Limited is C Cook, brother of B Cook, one of the directors of SMS Agencies Limited.

Rent totalling £50,950 was paid to the directors during the year.

Fixed assets at a cost of £268,888 were acquired from the directors.

**SMS AGENCIES LTD.**

**Notes to the Financial Statements  
for the year to 31 May 2000**

..... continued

**16. Gross Cash Flows**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	1,928	-
Interest paid	(9,515)	-
	<u>(7,587)</u>	<u>-</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(305,420)	-
Receipts from sales of tangible assets	11,100	-
	<u>(294,320)</u>	<u>-</u>
<b>Financing</b>		
Issue of ordinary share capital	-	3
	<u>-</u>	<u>3</u>

**17. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	3	99,997		100,000
Overdrafts	-	(94,899)		(94,899)
	<u>3</u>	<u>5,098</u>		<u>5,101</u>
Finance leases	-	-	(52,172)	(52,172)
<b>Net funds</b>	<u>3</u>	<u>5,098</u>	<u>(52,172)</u>	<u>(47,071)</u>