

MARNIC PLC  
COMPANY NO. 994213

FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2002

C O N T E N T S

	<u>Page No.</u>
Directors report	1
Auditors report	2
Balance sheet	3
Profit and loss account	4
Cash flow statement	5
Notes to the financial statements	6 - 10



## MARNIC PLC

### DIRECTORS REPORT

The directors present their report and the financial statements for the year ended 31st December 2002.

#### Directors responsibilities

Company law requires 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, directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; 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.

#### Review of the business

The principal activity of the company continues to be that of distributors of industrial tapes and packaging supplies.

#### Results and dividends

The results for the year are set out on page 4. The directors do not recommend payment of a final dividend.

#### Directors

The directors and their interests in the share capital of the company were as follows:

	<u>Shares of £1 each</u>			
	<u>31.12.02</u>		<u>31.12.01</u>	
	<u>Ordinary</u>	<u>Non Voting</u>	<u>Ordinary</u>	<u>Non Voting</u>
R. Ascott Esq.	95	50,000	95	50,000
M. Young Esq.	5	-	5	-
J. Vane Esq. – appointed 1.7.02	-	-	-	-
Miss C. Sherrington – resigned 31.1.02	-	-	-	-

#### Policy on payment to suppliers

All payments to suppliers are made on the basis of mutually agreed terms and conditions. Trade creditors at the year end represent an average of 35 days (2001 – 39 days) of the total amount invoiced by suppliers in the year.

#### Auditors

The auditors, Cranfields, chartered accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board of directors on 28<sup>th</sup> March 2003 and signed on it's behalf.

J. Fenner  
Secretary



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**MARNIC PLC.**

We have audited the financial statements of Marnic Plc for the year ended 31<sup>st</sup> December 2002 on pages 3 to 10. These financial statements have been prepared under the historical cost basis of accounting and the accounting policies set out on page 6.

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 auditor's 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 that we have formed.

**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 on page 1

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.


**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 the company's affairs as at 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Chartered Accountants  
& Registered Auditors**

3 Church Road  
Croydon CRO 1SG

**28<sup>th</sup> March 2003**

**MARNIC PLC**

**BALANCE SHEET AT 31ST DECEMBER 2002**

	<u>Note</u>	£	<u>2002</u> £	£	<u>2001</u> £
<b><u>FIXED ASSETS</u></b>					
Tangible assets	3		816,683		104,611
<b><u>CURRENT ASSETS</u></b>					
Stocks		556,497		440,748	
Investments	4	148		3,748	
Debtors	5	838,261		713,560	
Cash at bank and in hand		<u>347,010</u>		<u>1,093,704</u>	
		1,741,916		2,251,760	
<b><u>CREDITORS</u></b>					
Amounts falling due within one year	6	<u>489,233</u>		<u>512,106</u>	
Net current assets			<u>1,252,683</u>		<u>1,739,654</u>
Total assets less current liabilities			2,069,366		1,844,265
<b><u>PROVISION FOR LIABILITIES AND CHARGES</u></b>					
Deferred taxation	7		<u>10,204</u>		<u>6,951</u>
			2,059,162		1,837,314
			=====		=====
<b><u>CAPITAL AND RESERVES</u></b>					
Called up share capital	8		50,100		50,100
Profit and loss account			<u>2,009,062</u>		<u>1,787,214</u>
			2,059,162		1,837,314
			=====		=====

The financial statements were approved by the board of directors on 28<sup>th</sup> March 2003 and signed on its behalf by:

  
R. Ascott  
Director

The notes on pages 6 to 10 form part of these financial statements

MARNIC PLC

PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31ST DECEMBER 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
Turnover		3,811,056	3,573,385
Cost of sales		<u>2,420,148</u>	<u>2,159,534</u>
<u>Gross profit</u>		1,390,908	1,413,851
Administrative expenses		<u>1,001,443</u>	<u>988,357</u>
<u>Operating profit</u>	9	389,465	425,494
Investment income	10	<u>15,087</u>	<u>34,268</u>
<u>Profit on ordinary activities before taxation</u>		404,552	459,762
<u>Taxation</u>	13	<u>92,704</u>	<u>116,380</u>
<u>Profit on ordinary activities after taxation</u>		311,848	343,382
<u>Dividend</u>			
Interim on non-voting shares, paid on 31.12.02		<u>90,000</u>	<u>5,000</u>
		221,848	338,382
Balance brought forward		<u>1,787,214</u>	<u>1,448,832</u>
<u>Balance carried forward</u>		2,009,062	1,787,214
		=====	=====

None of the company's activities were acquired or discontinued during the year and there were no recognised gains or losses for 2001 or 2002 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

MARNIC PLC.

CASH FLOW STATEMENT FOR THE YEAR  
ENDED 31ST DECEMBER 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
Cash flow from operating activities	14	<u>177,729</u>	<u>389,576</u>
<u>Returns on investments and servicing of finance</u>			
Dividends received		28	26
Bank interest received		<u>15,059</u>	<u>42,894</u>
		15,087	42,920
		—	—
<u>Taxation</u>		(109,761)	(64,978)
<u>Capital expenditure and financial investment</u>			
Cost of fixed assets		(780,349)	( 71,387)
Sale of fixed assets		37,000	39,500
Sale of investments		<u>3,600</u>	<u>-</u>
		(739,749)	( 31,887)
		—	—
<u>Dividend paid to shareholders</u>		( 90,000)	( 5,000)
<u>Decrease/increase in cash</u>	15	(746,694) =====	330,631 =====

The notes on pages 6 to 10 form part of these financial statements.

## MARNIC PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

#### 1. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the company in the preparation of its financial statements.

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting to 31st December in each year.

b) Tangible fixed assets

Motor vehicles and plant and equipment are stated at cost less a charge for depreciation which is calculated to write off their cost over their estimated useful lives. The annual rates used for the purpose which are calculated on the reducing balance basis, are stated below. Freehold property is stated at cost and no depreciation is provided as the company's policy is to maintain its property in good condition and any depreciation involved would not be material.

Motor vehicles	- 25%
Plant and equipment	- 15%

c) Stocks

Goods for resale are stated at the lower of cost and net realisable value.

d) Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of fixed assets for taxation and accounting purposes. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and is measured having regard to the tax rates applicable to each year.

e) Pension scheme

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

#### 2. RELATED PARTIES

Throughout the year the company was under the control of R. Ascott Esq., a major shareholder and a director of the company. R. Ascott Esq., owns the freehold office premises occupied by the company. The rent charged to the company was £60,000 (2001 - £60,000) which is considered to be the market value.

**MARNIC PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2002**

**3. TANGIBLE FIXED ASSETS**

	<u>Freehold land and buildings</u> £	<u>Plant and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>				
At 1st January 2002	-	154,570	86,023	240,593
Additions	657,856	90,583	31,910	780,349
Disposals	<u>-</u>	<u>(21,306)</u>	<u>(39,194)</u>	<u>(60,500)</u>
At 31st December 2002	<u>657,856</u>	<u>223,847</u>	<u>78,739</u>	<u>960,442</u>
<u>Depreciation</u>				
At 1st January 2002	-	120,299	15,683	135,982
Charge for the year	-	16,240	17,194	33,434
Disposals	<u>-</u>	<u>(18,214)</u>	<u>(7,443)</u>	<u>(25,657)</u>
At 31st December 2002	<u>-</u>	<u>118,325</u>	<u>25,434</u>	<u>143,759</u>
<u>Book value</u>				
At 31st December 2002	657,856	105,522	53,305	816,683
	=====	=====	=====	=====
At 31st December 2001	-	34,271	70,340	104,611
	=====	=====	=====	=====

**4. INVESTMENTS**

	<u>2002</u> £	<u>2001</u> £
<u>At cost</u>		
Listed	148	148
Unlisted	<u>-</u>	<u>3,600</u>
	148	3,748
	=====	=====

The market value of listed investments, all of which are traded on recognised stock exchanges, was £326 (2001 - £545).

**5. DEBTORS**

Trade debtors	797,791	681,318
Other debtors	1,368	5,355
Prepayments and accrued income	<u>39,102</u>	<u>26,887</u>
	<u>838,261</u>	<u>713,560</u>
	=====	=====



**MARNIC PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2002**

	<u>2002</u>	<u>2001</u>
	£	£
6. <b><u>CREDITORS</u></b>		
Amounts falling due within one year:		
Trade creditors	269,914	264,902
Taxation and social security	183,932	204,346
Directors loan account	25,953	3,763
Accruals and deferred income	<u>9,434</u>	<u>39,095</u>
	489,233	512,106
	=====	=====
7. <b><u>DEFERRED TAXATION</u></b>		
At 1 <sup>st</sup> January 2002	6,951	5,674
Charge for the year	<u>3,253</u>	<u>1,277</u>
At 31 <sup>st</sup> December 2002	10,204	6,951
	=====	=====
<p>The provision for deferred taxation is made up of accelerated capital allowances. The company has applied FRS 19, deferred taxation, for the first time in these financial statements. As a result the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowances. The application of the new policy is reflected in the figures for the comparative year.</p>		
8. <b><u>SHARE CAPITAL</u></b>		
<u>Authorised</u>		
50,000 shares of £1 each	50,000	50,000
50,000 non-voting shares of £1 each	<u>50,000</u>	<u>50,000</u>
	100,000	100,000
	=====	=====
<u>Issued and fully paid</u>		
100 shares of £1 each	100	100
50,000 non-voting shares of £1 each	<u>50,000</u>	<u>50,000</u>
	50,100	50,100
	=====	=====
9. <b><u>OPERATING PROFIT</u></b>		
Is stated after charging:		
Depreciation	33,434	16,794
(Profit)/loss on sale of fixed assets	( 2,157)	12,558
Auditors remuneration	6,500	6,500
	=====	=====
10. <b><u>INVESTMENT INCOME</u></b>		
Dividends received	28	26
Bank interest received	15,059	42,894
Provision for loss on investments	<u>-</u>	<u>( 8,652)</u>
	15,087	34,268
	=====	=====

**MARNIC PLC.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2002**

11. <b><u>DIRECTORS EMOLUMENTS</u></b>	<u>2002</u>	<u>2001</u>
	£	£
The remuneration of the directors was:		
Salaries	115,580	122,937
Compensation for loss of office	-	30,000
Pension scheme contributions	10,440	10,440
Benefits	<u>14,467</u>	<u>18,421</u>
	140,487	181,798
	=====	=====

During the year retirement benefits were accruing to 2 directors (2001 - 2) in respect of money purchase schemes.

12. <b><u>STAFF NUMBERS AND COST</u></b>		
The average monthly number of persons employed by the company (including directors) during the year was -		
Management, administration and sales	19	19
	=====	=====
The aggregate payroll costs were -	£	£
Wages and salaries	512,099	498,985
Social security costs	51,183	49,543
Pension scheme contributions	<u>10,440</u>	<u>10,440</u>
	573,722	558,968
	=====	=====

13. <b><u>TAXATION</u></b>		
United Kingdom corporation tax	89,448	115,100
Tax on franked investment income	3	3
Deferred taxation	<u>3,253</u>	<u>1,277</u>
	92,704	116,380
	=====	=====

The tax assessed is lower than the standard rate of UK taxation applicable to the company of 30% (2001 - 30%). The differences are explained below:

Profit on ordinary activities before taxation	<u>404,552</u>	<u>459,762</u>
Profit on ordinary activities multiplied by the standard rate of 30%	121,366	137,928
Expenditure not deductible for tax purposes	1,219	4,217
Capital allowances in excess of depreciation	( 3,478)	( 1,277)
Dividends received	( 8)	( 8)
Marginal relief	<u>(29,651)</u>	<u>(25,760)</u>
Current tax charge for the year	89,448	115,100
	=====	=====

**MARNIC PLC.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31ST DECEMBER 2002**

14.	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	<u>2002</u>	<u>2001</u>
		£	£
	Operating profit is reconciled to net cash flow from operating activities as follows:		
	Operating profit	389,465	425,494
	Non cash items -		
	Depreciation	33,434	16,794
	Profit/loss on sale of fixed assets	( 2,157)	12,558
	Changes in working capital -		
	Stocks	(115,749)	(131,727)
	Debtors	(124,701)	67,941
	Creditors	( 2,563)	( 1,484)
	Net cash inflow from operating activities	177,729	389,576
		=====	=====
15.	<b><u>RECONCILIATION OF NET CASH FLOW</u></b>		
	At 1st January 2002		
	Cash at bank and in hand	1,093,704	763,073
	Cash flow	( 746,694)	330,631
	At 31st December 2002	347,010	1,093,704
		=====	=====