

**MARNIC PLC**  
**COMPANY NO. 994213**

**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31ST DECEMBER 2000**

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## MARNIC PLC

### DIRECTORS REPORT

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

#### 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 which has continued throughout the financial year has been that of distributors of industrial tapes and office 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>31.12.00</u>		<u>31.12.99</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	-
Miss C. Sherrington	-	-	-	-

#### 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 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 3<sup>rd</sup> April 2001 and signed on its behalf.

  
C. Sherrington  
Secretary

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

We have audited the financial statements on pages 3 to 9 which have been prepared on the basis of accounting and under the accounting policies set out on page 6.

**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 Audit 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 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Cranfields**  
**Chartered Accountants**  
**& Registered Auditors**

3 Church Road  
Croydon CRO 1SG

**3<sup>rd</sup> April 2001**

**MARNIC PLC**

**BALANCE SHEET AT 31ST DECEMBER 2000**

	<u>Note</u>	£	<u>2000</u> £	£	<u>1999</u> £
<b><u>FIXED ASSETS</u></b>					
Tangible assets	3		102,076		95,815
<b><u>CURRENT ASSETS</u></b>					
Stocks		309,021		390,242	
Investments	4	12,400		12,400	
Debtors	5	781,501		533,192	
Cash at bank and in hand		<u>763,073</u>		<u>785,787</u>	
		1,865,995		1,721,621	
<b><u>CREDITORS</u></b>					
Amounts falling due within one year	6	<u>463,465</u>		<u>455,949</u>	
<u>Net current assets</u>			<u>1,402,530</u>		<u>1,265,672</u>
<u>Total assets less current liabilities</u>			<u>1,504,606</u> =====		<u>1,361,487</u> =====
<b><u>CAPITAL AND RESERVES</u></b>					
Called up share capital	7		50,100		50,100
Profit and loss account			<u>1,454,506</u>		<u>1,311,387</u>
			<u>1,504,606</u> =====		<u>1,361,487</u> =====

The financial statements were approved by the board of directors on 3<sup>rd</sup> April 2001 and signed on its behalf by:

R. Ascott

C. Sherrington  
Directors



The notes on pages 6 to 9 form part of these financial statements

**MARNIC PLC**

**PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31ST DECEMBER 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
Turnover		3,265,825	3,187,071
Cost of sales		<u>2,065,656</u>	<u>1,983,632</u>
Gross profit		1,200,169	1,203,439
Administrative expenses		<u>941,784</u>	<u>949,930</u>
Operating profit	8	258,385	253,509
Investment income	9	<u>21,706</u>	<u>25,982</u>
Profit on ordinary activities before taxation		280,091	279,491
Taxation	12	<u>56,972</u>	<u>57,740</u>
Profit on ordinary activities after taxation		223,119	221,751
Dividend			
Interim on non-voting shares, paid		<u>80,000</u>	-
		143,119	221,751
Balance brought forward		<u>1,311,387</u>	<u>1,089,636</u>
Balance carried forward		<u>1,454,506</u>	<u>1,311,387</u>
		=====	=====

None of the company's activities were acquired or discontinued during the year and there were no recognised gains or losses for 1999 or 2000 other than those included in the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements.

**MARNIC PLC.**

**CASH FLOW STATEMENT FOR THE YEAR**  
**ENDED 31ST DECEMBER 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
Net cash inflow from operating activities	13	<u>119,743</u>	<u>349,834</u>
<u>Returns on investments and servicing of finance</u>			
Dividends received		23	19
Bank interest received		<u>21,683</u>	<u>25,963</u>
		21,706	25,982
		—	—
<u>Taxation</u>		<u>(57,740)</u>	<u>( 60,887)</u>
<u>Capital expenditure</u>			
Cost of fixed assets		(104,923)	( 29,553)
Sale of fixed assets		<u>78,500</u>	<u>74,043</u>
		(26,423)	44,490
		—	—
<u>Dividend paid to shareholders</u>		<u>( 80,000)</u>	—
<u>Decrease/increase in cash</u>	14	<u>(22,714)</u> =====	<u>359,419</u> =====

The notes on pages 6 to 9 form part of these financial statements.

## MARNIC PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000

#### 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

Tangible fixed assets 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:

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

Provision is made for deferred taxation except in respect of any tax reduction which can reasonably be expected to continue for the future.

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 £48,750 which is considered to be less than the market value.

**MARNIC PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2000**

3.	<b><u>TANGIBLE FIXED ASSETS</u></b>	Plant and equipment	Motor vehicles	Total
	Cost	£	£	£
	At 1st January 2000	153,676	69,157	222,833
	Additions	-	104,923	104,923
	Disposals	-	(98,492)	(98,492)
	At 31st December 2000	<u>153,676</u>	<u>75,588</u>	<u>229,264</u>
	Depreciation			
	At 1st January 2000	107,295	19,723	127,018
	Charge for the year	6,956	12,936	19,892
	Disposals	-	(19,722)	(19,722)
	At 31st December 2000	<u>114,251</u>	<u>12,937</u>	<u>127,188</u>
	Book value			
	At 31st December 2000	39,425	62,651	102,076
		=====	=====	=====
	At 31st December 1999	46,381	49,434	95,815
		=====	=====	=====
4.	<b><u>INVESTMENTS</u></b>		2000	1999
	At cost		£	£
	Listed		148	148
	Unlisted		<u>12,252</u>	<u>12,252</u>
			<u>12,400</u>	<u>12,400</u>
			=====	=====
The market value of listed investments, all of which are traded on recognised stock exchanges, was £517 (1999- £565). The directors estimate the value of unlisted investments to be not less than the cost.				
5.	<b><u>DEBTORS</u></b>			
	Trade debtors		754,335	519,383
	Other debtors		3,300	1,946
	Prepayments and accrued income		<u>23,866</u>	<u>11,863</u>
			<u>781,501</u>	<u>533,192</u>
			=====	=====
6.	<b><u>CREDITORS</u></b>			
	Amounts falling due within one year:			
	Trade creditors		283,976	214,430
	Taxation and social security		170,579	151,598
	Directors loan account		1,330	81,922
	Accruals and deferred income		<u>7,580</u>	<u>7,999</u>
			<u>463,465</u>	<u>455,949</u>
			=====	=====



**MARNIC PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2000**

	<u>2000</u>	<u>1999</u>
	£	£
<b>7. <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
	=====	=====
<b>8. <u>OPERATING PROFIT</u></b>		
Is stated after charging:		
Depreciation	19,892	23,886
Loss on sale of fixed assets	270	4,519
Auditors remuneration	6,500	5,500
	=====	=====
<b>9. <u>INVESTMENT INCOME</u></b>		
Dividends received	23	19
Bank interest received	<u>21,683</u>	<u>25,963</u>
	21,706	25,982
	=====	=====
<b>10. <u>DIRECTORS EMOLUMENTS</u></b>		
The remuneration of the directors was:		
Salaries	166,781	223,924
Pension scheme contributions	10,440	10,440
Benefits	<u>20,307</u>	<u>21,272</u>
	197,528	255,636
	=====	=====
The remuneration of the highest paid director was:		
Salaries	68,635	125,744
Pension scheme contributions	4,812	4,812
Benefits	<u>2,463</u>	<u>3,292</u>
	75,910	133,848
	=====	=====

During the year retirement benefits were accruing to 2 directors (1999 - 2) in respect of money purchase schemes.

**MARNIC PLC.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31ST DECEMBER 2000**

11.	<b><u>STAFF NUMBERS AND COST</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>
	The average monthly number of persons employed by the company (including directors) during the year was -		
	Management, administration and sales	19	17
		=====	=====
	The aggregate payroll costs were -	£	£
	Wages and salaries	479,949	502,329
	Social security costs	52,714	54,680
	Pension scheme contributions	10,440	10,440
		<u>543,103</u>	<u>567,449</u>
		=====	=====
12.	<b><u>TAXATION</u></b>		
	United Kingdom corporation tax	56,970	57,738
	Tax on franked investment income	2	2
		<u>56,972</u>	<u>57,740</u>
		=====	=====
13.	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
	Operating profit is reconciled to net cash flow from operating activities as follows:		
	Operating profit	258,385	253,509
	Non cash items -		
	Depreciation	19,892	23,886
	Loss on sale of fixed assets	270	4,519
	Changes in working capital -		
	Stocks	81,221	(99,612)
	Debtors	(248,309)	228,021
	Creditors	<u>8,284</u>	<u>(60,489)</u>
	<u>Net cash inflow from operating activities</u>	<u>119,743</u>	<u>349,834</u>
		=====	=====
14.	<b><u>RECONCILIATION OF NET CASH FLOW</u></b>		
	At 1st January 2000		
	Cash at bank and in hand	785,787	426,368
	Cash flow	<u>(22,714)</u>	<u>359,419</u>
	At 31st December 2000	<u>763,073</u>	<u>785,787</u>
		=====	=====