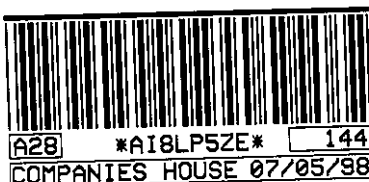


C. H. Copy

**MARNIC PLC**  
**COMPANY NO. 994213**  
**ACCOUNTS FOR THE**  
**YEAR ENDED 31ST DECEMBER 1997**

**C O N T E N T S**

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# MARNIC PLC

## DIRECTORS REPORT

The directors present their report and the audited accounts for the year ended 31st December 1997.

### 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 shown in the attached accounts. 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>31.12.97</u>		<u>31.12.96</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	-	-	-	-

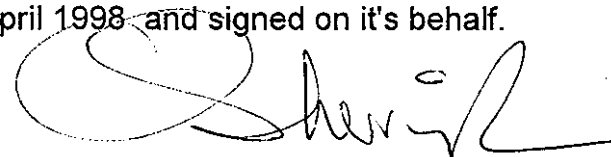
### Policy on payment to suppliers

All payments to suppliers are made on the basis of mutually agreed terms and conditions.

### 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 16th April 1998 and signed on it's behalf.



C. Sherrington  
Secretary

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

We have audited the financial statements on pages 3 to 10 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 1997 and of its profit 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

16th April 1998

# MARNIC PLC

## BALANCE SHEET AT 31ST DECEMBER 1997

	Note	1997	1996
		£	£
<b><u>FIXED ASSETS</u></b>			
Tangible assets	3	110,643	121,901
<b><u>CURRENT ASSETS</u></b>			
Stocks		275,747	215,083
Investments	4	12,400	12,400
Debtors	5	690,726	738,899
Cash at bank and in hand		<u>418,745</u>	<u>29,543</u>
		1,397,618	995,925
<b><u>CREDITORS</u></b>			
Amounts falling due within one year	6	<u>600,939</u>	<u>528,575</u>
<u>Net current assets</u>		<u>796,679</u>	<u>467,350</u>
<u>Total assets less current liabilities</u>		<u>907,322</u>	<u>589,251</u>
<b><u>CAPITAL AND RESERVES</u></b>			
Called up share capital	7	50,100	50,100
Profit and loss account		<u>857,222</u>	<u>539,151</u>
		<u>907,322</u>	<u>589,251</u>

The accounts were approved by the Board of Directors on 16th April 1998 and signed on it's behalf by:

  
R. Ascott

  
C. Sherrington  
Directors

The notes on pages 6 to 10 form part of these accounts

# MARNIC PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
Turnover		3,323,938	3,342,982
Cost of sales		<u>2,179,927</u>	<u>2,248,828</u>
<u>Gross profit</u>		1,144,011	1,094,154
Administrative expenses		<u>724,727</u>	<u>674,862</u>
<u>Operating profit</u>	8	419,284	419,292
Investment income	9	13	55,063
Net interest	10	<u>9,301</u>	<u>4,564</u>
<u>Profit on ordinary activities before taxation</u>		428,598	478,919
<u>Taxation</u>	13	<u>110,527</u>	<u>138,506</u>
<u>Profit on ordinary activities after taxation</u>		318,071	340,413
<u>Interim dividend</u>		-	<u>400,000</u>
		318,071	(59,587)
Balance brought forward		<u>539,151</u>	<u>598,738</u>
<u>Balance carried forward</u>		857,222	539,151
		=====	=====

There were no recognised gains and losses for 1997 or 1996 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these accounts

MARNIC PLC.

CASH FLOW STATEMENT FOR THE YEAR  
ENDED 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
Net cash inflow from operating activities	14	<u>537,276</u>	<u>367,737</u>
<u>Returns on investments and servicing of finance</u>			
Dividends received		13	624
Interest received		9,340	4,851
Interest paid		( <u>39</u> )	( <u>287</u> )
		9,314	5,188
		—	—
<u>Taxation</u>		(138,288)	(102,491)
<u>Capital expenditure</u>			
Cost of fixed assets		(43,481)	(57,069)
Sale of fixed assets		<u>24,381</u>	<u>28,920</u>
		(19,100)	(28,149)
		—	—
<u>Equity dividends paid</u>		—	(400,000)
<u>Management of liquid resources</u>			
Cost of investments		-	(63,790)
Sale of investments		—	<u>307,504</u>
		-	243,714
		—	—
<u>Increase in cash</u>	15	389,202 =====	85,999 =====

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

NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

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

a) Basis of accounting

Accounts 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 pension contribution 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 paid was £15,000 which is not considered to be a market rent.

# MARNIC PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

### 3. TANGIBLE FIXED ASSETS

	Plant and equipment	Motor vehicles	Total
<u>Cost</u>	£	£	£
At 1st January 1997	138,670	90,003	228,673
Additions	-	43,481	43,481
Disposals	-	(32,869)	(32,869)
At 31st December 1997	<u>138,670</u>	<u>100,615</u>	<u>239,285</u>
 <u>Depreciation</u>			
At 1st January 1997	83,564	23,208	106,772
Charge for the year	8,268	15,964	24,232
Disposals	-	(2,362)	(2,362)
At 31st December 1997	<u>91,832</u>	<u>36,810</u>	<u>128,642</u>
 <u>Book value</u>			
At 31st December 1997	46,838	63,805	110,643
	=====	=====	=====
At 31st December 1996	55,106	66,795	121,901
	=====	=====	=====

### 4. INVESTMENTS

	1997	1998
<u>At cost</u>	£	£
Listed	148	148
Unlisted	<u>12,252</u>	<u>12,252</u>
	12,400	12,400
	=====	=====

The market value of listed investments, all of which are traded on recognised stock exchanges, was £574 (1996 £375). The directors estimate the value of unlisted investments to be not less than the cost.

### 5. DEBTORS

	1997	1996
	£	£
Trade debtors	637,707	686,248
Other debtors	41,173	40,873
Prepayments and accrued income	<u>11,846</u>	<u>11,778</u>
	690,726	738,899
	=====	=====

### 6. CREDITORS

Amounts falling due within one year:

Trade creditors	236,887	218,087
Taxation and social security	193,373	261,556
Directors loan account	140,915	40,177
Accruals and deferred income	<u>29,764</u>	<u>8,755</u>
	600,939	528,575
	=====	=====



# MARNIC PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
7. <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
	=====	=====
8. <b><u>OPERATING PROFIT</u></b>		
Is stated after charging:		
Depreciation	24,232	24,424
Auditors remuneration	<u>5,000</u>	<u>5,000</u>
	=====	=====
9. <b><u>INVESTMENT INCOME</u></b>		
Dividends received	13	624
Profit on sale of investments	<u>-</u>	<u>54,439</u>
	13	55,063
	=====	=====
10. <b><u>NET INTEREST</u></b>		
Bank deposit interest received	9,340	4,851
Interest paid on short term bank borrowings	<u>39</u>	<u>287</u>
	9,301	4,564
	=====	=====
11. <b><u>DIRECTORS EMOLUMENTS</u></b>		
The remuneration of the directors was:		
Salaries	137,235	114,794
Pension scheme contributions	10,040	8,040
Benefits	<u>19,815</u>	<u>14,536</u>
	167,090	137,370
	=====	=====

During the year retirement benefits were accruing to 2 directors (1996 - 2) in respect of money purchase schemes.

**MARNIC PLC.**

**NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 1997**

<b>12. <u>STAFF NUMBERS AND COST</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
The average monthly number of persons employed by the company (including directors) during the year was -		
Management, administration and sales	15	14
	=====	=====
The aggregate payroll costs were -	£	£
Wages and salaries	350,088	296,303
Social security costs	35,969	32,516
Pension scheme contributions	<u>10,040</u>	<u>8,040</u>
	396,097	336,859
	=====	=====
<b>13. <u>TAXATION</u></b>		
United Kingdom corporation tax at 33%/31% (1996 - 33%) less marginal relief	110,743	138,504
Overprovision in prior years	( 218)	-
Tax on franked investment income	<u>2</u>	<u>2</u>
	110,527	138,506
	=====	=====
<b>14. <u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Operating profit is reconciled to net cash flow from operating activities as follows:		
Operating profit	419,284	419,292
Non cash items -		
Depreciation	24,232	24,424
Loss on sale of fixed assets	6,126	8,477
Changes in working capital -		
Stocks	(60,664)	(26,970)
Debtors	48,173	(63,158)
Creditors	<u>100,125</u>	<u>5,672</u>
<u>Net cash inflow from operating activities</u>	537,276	367,737
	=====	=====

MARNIC PLC.

NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 1997

15. <u>RECONCILIATION OF NET CASH FLOW</u>	<u>1997</u>	<u>1996</u>
	£	£
At 1st January 1997		
Cash at bank and in hand	29,543	2
Bank overdrafts	-	(56,458)
	<u>29,543</u>	<u>(56,456)</u>
Cash flow	<u>389,202</u>	<u>85,999</u>
At 31st December 1997	418,745	29,543
	=====	=====