

MARNIC PLC
COMPANY NO. 994213

ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1999

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MARNIC PLC

DIRECTORS REPORT

The directors present their report and the audited accounts for the year ended 31st December 1999.

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>31.12.99</u>		<u>31.12.98</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 31 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 27th March 2000 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 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 1999 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

27th March 2000

MARNIC PLC

BALANCE SHEET AT 31ST DECEMBER 1999

	<u>Note</u>	£	<u>1999</u> £	£	<u>1998</u> £
<u>FIXED ASSETS</u>					
Tangible assets	3		95,815		168,709
<u>CURRENT ASSETS</u>					
Stocks		390,242		290,630	
Investments	4	12,400		12,400	
Debtors	5	533,192		761,213	
Cash at bank and in hand		<u>785,787</u>		<u>426,368</u>	
		1,721,621		1,490,611	
<u>CREDITORS</u>					
Amounts falling due within one year	6	<u>455,949</u>		<u>519,584</u>	
<u>Net current assets</u>			<u>1,265,672</u>		<u>971,027</u>
<u>Total assets less current liabilities</u>			<u>1,361,487</u> =====		<u>1,139,736</u> =====
<u>CAPITAL AND RESERVES</u>					
Called up share capital	7		50,100		50,100
Profit and loss account			<u>1,311,387</u>		<u>1,089,636</u>
			<u>1,361,487</u> =====		<u>1,139,736</u> =====

The accounts were approved by the board of directors on 27th March 2000 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 1999**

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover		3,187,071	3,410,927
Cost of sales		<u>1,983,632</u>	<u>2,216,377</u>
<u>Gross profit</u>		1,203,439	1,194,550
Administrative expenses		<u>949,930</u>	<u>925,687</u>
<u>Operating profit</u>	8	253,509	268,863
Investment income	9	19	17
Net interest	10	<u>25,963</u>	<u>24,422</u>
<u>Profit on ordinary activities before taxation</u>		279,491	293,302
<u>Taxation</u>	13	<u>57,740</u>	<u>60,888</u>
<u>Profit on ordinary activities after taxation</u>		221,751	232,414
Balance brought forward		<u>1,089,636</u>	<u>857,222</u>
<u>Balance carried forward</u>		1,311,387	1,089,636
		=====	=====

There were no recognised gains and losses for 1999 or 1998 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 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Net cash inflow from operating activities	14	<u>349,834</u>	<u>184,721</u>
<u>Returns on investments and servicing of finance</u>			
Dividends received		19	17
Interest received		25,963	24,654
Interest paid		<u>-</u>	<u>(232)</u>
		<u>25,982</u>	<u>24,439</u>
<u>Taxation</u>			
		<u>(60,887)</u>	<u>(110,746)</u>
<u>Capital expenditure</u>			
Cost of fixed assets		(29,553)	(134,641)
Sale of fixed assets		<u>74,043</u>	<u>43,850</u>
		<u>44,490</u>	<u>(90,791)</u>
<u>Increase in cash</u>	15	<u>359,419</u> =====	<u>7,623</u> =====

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

MARNIC PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

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 1999

3. TANGIBLE FIXED ASSETS

	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>	£	£	£
At 1st January 1999	149,990	158,129	308,119
Additions	3,686	25,867	29,553
Disposals	-	(114,839)	(114,839)
At 31st December 1999	<u>153,676</u>	<u>69,157</u>	<u>222,833</u>
 <u>Depreciation</u>			
At 1st January 1999	99,113	40,297	139,410
Charge for the year	8,182	15,704	23,886
Disposals	-	(36,278)	(36,278)
At 31st December 1999	<u>107,295</u>	<u>19,723</u>	<u>127,018</u>
 <u>Book value</u>			
At 31st December 1999	46,381	49,434	95,815
	=====	=====	=====
At 31st December 1998	50,877	117,832	168,709
	=====	=====	=====

4. INVESTMENTS

	<u>1999</u>	<u>1998</u>
<u>At cost</u>	£	£
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 £565 (1998- £624). The directors estimate the value of unlisted investments to be not less than the cost.

5. DEBTORS

Trade debtors	519,383	738,097
Other debtors	1,946	10,661
Prepayments and accrued income	<u>11,863</u>	<u>12,455</u>
	<u>533,192</u>	<u>761,213</u>
	=====	=====

6. CREDITORS

Amounts falling due within one year:

Trade creditors	214,430	297,890
Taxation and social security	151,598	176,661
Directors loan account	81,922	36,690
Accruals and deferred income	<u>7,999</u>	<u>8,343</u>
	<u>455,949</u>	<u>519,584</u>
	=====	=====

MARNIC PLC

**NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1999**

	<u>1999</u>	<u>1998</u>
	£	£
7. <u>SHARE CAPITAL</u>		
<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. <u>OPERATING PROFIT</u>		
Is stated after charging:		
Depreciation	23,886	27,199
Loss on sale of fixed assets	4,519	5,526
Auditors remuneration	5,500	5,500
	=====	=====
9. <u>INVESTMENT INCOME</u>		
Dividends received	19	17
	=====	=====
10. <u>NET INTEREST</u>		
Bank deposit interest received	25,963	24,654
Interest paid on short term bank borrowings	<u>-</u>	<u>232</u>
	25,963	24,422
	=====	=====
11. <u>DIRECTORS EMOLUMENTS</u>		
The remuneration of the directors was:		
Salaries	223,924	238,900
Pension scheme contributions	10,440	10,440
Benefits	<u>21,272</u>	<u>18,937</u>
	255,636	268,277
	=====	=====
The remuneration of the highest paid director was:		
Salaries	125,744	144,270
Pension scheme contributions	4,812	4,812
Benefits	<u>3,292</u>	<u>6,130</u>
	133,848	155,212
	=====	=====

During the year retirement benefits were accruing to 2 directors (1998 - 2) in respect of money purchase schemes.

MARNIC PLC.

**NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1999**

12.	<u>STAFF NUMBERS AND COST</u>	<u>1999</u>	<u>1998</u>
	The average monthly number of persons employed by the company (including directors) during the year was -		
	Management, administration and sales	17	17
		=====	=====
	The aggregate payroll costs were -	£	£
	Wages and salaries	502,329	503,912
	Social security costs	54,680	53,940
	Pension scheme contributions	10,440	10,440
		567,449	568,292
		=====	=====
13.	<u>TAXATION</u>		
	United Kingdom corporation tax at 21%/20% (1998 - 21%)	57,738	60,885
	Tax on franked investment income	2	3
		57,740	60,888
		=====	=====
14.	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
	Operating profit is reconciled to net cash flow from operating activities as follows:		
	Operating profit	253,509	268,863
	Non cash items -		
	Depreciation	23,886	27,199
	Loss on sale of fixed assets	4,519	5,526
	Changes in working capital -		
	Stocks	(99,612)	(14,883)
	Debtors	228,021	(70,487)
	Creditors	(60,489)	(31,497)
	<u>Net cash inflow from operating activities</u>	<u>349,834</u>	<u>184,721</u>
		=====	=====

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**NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1999**

15.	<u>RECONCILIATION OF NET CASH FLOW</u>	<u>1999</u>	<u>1998</u>
		£	£
	At 1st January 1999		
	Cash at bank and in hand	426,368	418,745
	Cash flow	<u>359,419</u>	<u>7,623</u>
	At 31st December 1999	785,787	426,368
		=====	=====