

TREBRUK MARKETING LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1996

(Registered Number 1756276)



TREBRUK MARKETING LIMITED
ANNUAL REPORT
31 DECEMBER 1996

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**TREBRUK MARKETING LIMITED
DIRECTORS' REPORT**

R N Bradshaw
L Larsson
D W Parker
S W P Scholes

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of marketing services in the United Kingdom for overseas manufacturers of paper.

REVIEW OF BUSINESS DEVELOPMENTS

Market conditions proved difficult for the company in 1996. Despite increased volumes, falling prices had an adverse effect and profits declined. A further increase in product volumes in 1997, combined with greater stability in pricing, is expected to produce improved performance.

RESULTS AND DIVIDEND

The profit for the financial year after tax was £84,148. An interim dividend of £60,000 was paid in the year. The directors recommend the payment of a final dividend of £24,148, leaving £nil to be transferred to reserves.

DIRECTORS

The directors listed above have served throughout the year.

None of the directors has had any interest which is required to be recorded in the register maintained by the company in accordance with Section 325 of the Companies Act 1985.

AUDITORS

A resolution to reappoint the joint auditors, Pannell Kerr Forster and Ernst & Young, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

D W Parker

D W Parker
Secretary

15 April 1997

TREBRUK MARKETING LIMITED
STATEMENT OF 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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
TREBRUK MARKETING LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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. 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 affairs of the company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Guildford

15 April
..... 1997

Ernst & Young

ERNST & YOUNG
Chartered Accountants
Registered Auditors

London

15 April
..... 1997

TREBRUK MARKETING LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
Turnover	2	1,326,115	1,079,779
Change in stocks		(50,790)	-
		<hr/>	<hr/>
		1,275,325	-
Raw materials and consumables		(264,765)	-
Staff costs	3	(287,319)	(260,509)
Depreciation		(20,738)	(18,854)
Other operating costs		(564,071)	(614,152)
		<hr/>	<hr/>
		(872,128)	(893,515)
		<hr/>	<hr/>
Operating profit		138,432	186,264
Interest receivable		5,190	6,565
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	143,622	192,829
Tax on profit on ordinary activities	6	(59,474)	(76,284)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		84,148	116,545
Dividends	7	(84,148)	(116,545)
		<hr/>	<hr/>
Result for the year transferred to reserves	12	-	-
		<hr/>	<hr/>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the year.

TREBRUK MARKETING LIMITED
BALANCE SHEET
31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible assets	8	58,336	69,653
CURRENT ASSETS			
Stock - finished goods		-	50,790
Debtors	9	315,402	287,401
Cash at bank and in hand		86,958	74,370
		<u>402,360</u>	<u>412,561</u>
CREDITORS:			
Amounts falling due within one year	10	(460,596)	(472,962)
		<u></u>	<u></u>
NET CURRENT LIABILITIES		(58,236)	(60,401)
TOTAL ASSETS LESS			
CURRENT LIABILITIES		100	9,252
CREDITORS:			
Amounts falling due after one year	10	-	(9,152)
		<u></u>	<u></u>
NET ASSETS		100	100
		<u></u>	<u></u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	-	-
		<u></u>	<u></u>
EQUITY SHAREHOLDERS' FUNDS	13	100	100
		<u></u>	<u></u>

Approved by the board on 15 April 1997

S W P Scholes
S W P Scholes

Directors

D W Parker
D W Parker

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation of fixed assets

Fixed assets are written off over their estimated useful lives in equal annual instalments.

The following principal rates of depreciation are used:

Computer, furniture and fittings	- 20%
Motor vehicles	- 25%

(c) Turnover

Turnover represents the total of sales and agency commission excluding value added tax and is recognised at the time of sale.

(d) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(e) Finance and operating leases

Assets acquired under finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Pensions

The expected cost of pensions in respect of the defined benefit scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value.

2 TURNOVER

Turnover arose from a single class of business wholly within the UK.

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1996

3	STAFF COSTS	<u>1996</u> £	<u>1995</u> £
	Wages and salaries	252,343	221,195
	Social security costs	19,700	18,369
	Other pension costs	15,276	20,945
		<hr/> 287,319 <hr/>	<hr/> 260,509 <hr/>
	The average weekly number of employees excluding directors employed by the company during the year was as follows:-	Number	Number
	Sales and administration	12	10
		<hr/>	<hr/>
4	DIRECTORS' EMOLUMENTS	£	£
	Total emoluments for management including pension scheme contributions	59,211	64,837
		<hr/>	<hr/>
	Emoluments excluding pension scheme contributions:		
	Chairman	-	-
	Highest paid director	54,880	59,335
		<hr/>	<hr/>
	Other directors:	<u>Number</u>	<u>Number</u>
	0 - £5,000	2	3
		<hr/>	<hr/>
5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
	The profit on ordinary activities before taxation is stated after charging the following:		
	Auditors' remuneration	6,000	4,000
	Operating lease rentals - other rentals	22,987	10,133
		<hr/>	<hr/>
6	TAXATION	<u>1996</u> £	<u>1995</u> £
	Corporation tax on profit for the year at 33% (1995: 33%)	59,474	75,327
	Adjustment in respect of previous year	-	957
		<hr/> 59,474 <hr/>	<hr/> 76,284 <hr/>

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1996

7	DIVIDENDS	<u>1996</u> £	<u>1995</u> £
	Interim dividend paid of £600 per share (1995: £800 per share).	60,000	80,000
	Final proposed dividend of £241.48 per share (1995: £365.45)	24,148	36,545
		<hr/>	<hr/>
		84,148	116,545
		<hr/>	<hr/>

8	TANGIBLE FIXED ASSETS	<u>Computer</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
	Cost			
	At 1 January 1996	65,454	23,053	88,507
	Additions	9,421	-	9,421
		<hr/>	<hr/>	<hr/>
	At 31 December 1996	74,875	23,053	97,928
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1 January 1996	13,091	5,763	18,854
	Charge for the year	14,975	5,763	20,738
		<hr/>	<hr/>	<hr/>
	At 31 December 1996	28,066	11,526	39,592
		<hr/>	<hr/>	<hr/>
	Net book value			
	At 31 December 1996	46,809	11,527	58,336
		<hr/>	<hr/>	<hr/>
	At 31 December 1995	52,363	17,290	69,653
		<hr/>	<hr/>	<hr/>

The net book amount of motor vehicles included £11,527 (1995: £17,290) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £5,763 (1995: £5,763).

9	DEBTORS	<u>1996</u> £	<u>1995</u> £
	Due within one year:		
	Trade debtors	1,290	2,832
	Amounts owed by parent and fellow subsidiary undertakings	255,418	195,010
	Amounts owed by related undertakings	17,749	32
	Other taxation and social security	5,474	14,678
	ACT recoverable	30,173	47,888
	Other debtors	5,298	26,961
		<hr/>	<hr/>
		315,402	287,401
		<hr/>	<hr/>

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1996

10 CREDITORS	<u>1996</u> £	<u>1995</u> £
Amounts falling due within one year:		
Trade creditors	43,982	17,891
Amounts due to parent and fellow subsidiary undertakings	11,916	50,790
Amounts due to related undertakings	3,570	3,600
Loan from parent undertaking	104,000	104,000
Loan from related undertaking	69,000	69,000
Corporation tax	78,722	104,463
Other taxation and social security	13,728	11,075
Other creditors	73,490	27,667
Accruals	30,294	42,703
Lease obligations	7,746	5,228
Proposed dividend	24,148	36,545
	<hr/> 460,596 <hr/>	<hr/> 472,962 <hr/>
Amounts falling due after more than one year:		
Lease obligations (falling due in one to two years)	-	9,152
	<hr/>	<hr/>
 11 SHARE CAPITAL	 £	
Authorised:		
Ordinary shares of £1 each	50,000	
	<hr/>	
Allotted and fully paid:		
Ordinary shares of £1 each	100	
	<hr/>	
 There was no change in share capital during the year.		
 12 PROFIT AND LOSS ACCOUNT	 £	
Balance at 1 January 1996	-	
Result for the year	-	
	<hr/>	
Balance at 31 December 1996	-	
	<hr/>	

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1996

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1996</u> £	<u>1995</u> £
Profit for the year	84,148	116,545
Dividend	(84,148)	(116,545)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	100	100
	<hr/>	<hr/>
Closing shareholders' funds	100	100
	<hr/>	<hr/>

14 LEASE COMMITMENTS

Operating leases

The company had operating lease commitments to pay during the next year in respect of equipment leases:

Expiring within one year	2,408	-
Expiring between two and five years	17,416	28,493
	<hr/>	<hr/>

15 PENSIONS

The company participates in the Ekman Cleave Group scheme which is funded upon the advice of a professionally qualified actuary. The company's contributions are based upon pension costs across the Ekman Cleave group as a whole and particulars of the most recent valuation of the group scheme are contained in the financial statements of Ekman Cleave Group Limited. Employer contributions charged in the accounts were £15,276 (1995: £20,945) and were calculated in accordance with SSAP 24.

16 PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Trebruk AB which is also the ultimate parent undertaking incorporated in Sweden. A copy of the group accounts may be obtained from:-

Box 651
S-451 24 Uddevalla
Sweden

Trebruk AB is ultimately controlled by Mr Thomas Onstad.

TREBRUK MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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17 RELATED PARTY TRANSACTIONS

Name	Relationship	Transaction	Amount £	Year end balance Dr/(Cr) £
Trebruk AB	Parent	Loan	-	(104,000)
Trebruk AB	Parent	Dividend	42,074	(12,074)
Ekman Cleave Group Ltd	Investor	Loan	-	(69,000)
Ekman Cleave Group Ltd	Investor	Dividend	42,074	(12,074)
Ekman Cleave Group Ltd	Investor	Provision of services, accommodation and facilities	356,400	Nil
Ekman Cleave Group Ltd	Investor	Expenses recharged	43,791	11,607
Hafrestroms AB Munkedals AB KZP SA	Fellow subsidiaries	Commission income	933,347	204,264
KZP SA	Fellow subsidiary	Purchases	305,554	(11,916)