

RAPESCO HOLDINGS PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2008

Company number 4756851

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RAPESCO HOLDINGS PLC
REPORT OF THE DIRECTORS
For the year ended 31 May 2008

FINANCIAL STATEMENTS

The directors submit their report and group financial statements for the year ended 31 May 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 the group and of the profit or loss of the group 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company or group will continue in business

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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

PRINCIPAL ACTIVITIES

The principal activity of the company is a holding company. The group is focused on the manufacturing and distribution of office products and industrial and light industrial professional tools.

BUSINESS REVIEW

The profit and loss account is set out on page 6 and shows turnover for the year of £14,218,771. Although this represents a decrease of 5.6% compared to the prior year, the core Tacwise and Office Products businesses have been able to broadly maintain their turnover in spite of the intense competition within their industries and the difficult trading conditions within the economy generally. The turnover of the Presentation business has continued to decline principally due to intense price competition within the sector.

The group has achieved a profit after taxation of £498,376 which is a decrease of 12.0% over the prior year. This is largely as a result of the global rise in raw material costs.

The directors regard net profitability, product and new customer development as key performance indicators.

RAPESCO HOLDINGS PLC
REPORT OF THE DIRECTORS
For the year ended 31 May 2008

(continued)

BUSINESS REVIEW (continued)

Rapesco Office Products

The company has continued to invest in new product development where the strategy is to develop differentiated products protected by patented technology

Tacwise

The company has started to develop within the North American market and has continued to develop new design led products

Tunco (2003) 106

Intense price competition within the presentation products sector has resulted in a 30.7% reduction in turnover. The business has scaled its overhead to accommodate the lower level of revenue.

There have been no events since the balance sheet date which materially affect the position of the company.

FUTURE DEVELOPMENTS

Rapesco Office Products and Tacwise will be increasingly focused on international markets including North America and Asia which offer significant potential.

Tunco (2003) 106 will be launching a number of new products during the coming financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in various highly competitive markets meaning that there is a risk of customers being offered alternative products. The Group manages this risk by operating in a number of different industries and selling to a large range of high quality customers. The Group makes significant investments to develop innovative and niche products.

The group is exposed to foreign exchange movements and this risk is managed by the use of various hedging products.

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by credit scoring new customers and by monitoring payments against contractual agreements.

FINANCIAL INSTRUMENTS

The group monitors cash flow as part of its day to day control procedures. The board considers cash flow on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary. The group uses various hedging products.

RAPESCO HOLDINGS PLC
REPORT OF THE DIRECTORS
For the year ended 31 May 2008

(continued)

DIVIDENDS

The following interim dividends have been paid

	Year ended 31 May 2008	Year ended 31 May 2007
	£	£
'B' Ordinary shares	<u>£200,000</u>	<u>£200,000</u>

No final dividend is to be paid on the ordinary share capital of the company

SUPPLIER PAYMENT POLICY

The group agrees payment terms with suppliers at the time of entering into a transaction. These payment terms form part of the contract for the supply of goods or services and the group adheres to such terms, subject to satisfactory completion of the relevant transaction. The group had 53 days purchases outstanding at 31 May 2008 (2007 - 74 days)

DIRECTORS

The directors who held office throughout the year were D J S James, A M Frost and N T Ward

AUDITORS

Each individual director has taken all the steps necessary to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have indicated their willingness to continue in office. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

This report was approved by the Board on 29 October 2008

BY ORDER OF THE BOARD



N WARD
Company Secretary

REGISTERED OFFICE
Rapesco House
One Connections Business Park
Otford Road
Sevenoaks
Kent TN14 5DF

Rapesco Holdings Plc

Report of the independent auditors

To the shareholders of Rapesco Holdings Plc

We have audited the group and parent company financial statements (the "financial statements") of Rapesco Holdings Plc for the year ended 31 May 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Rapesco Holdings Plc

Report of the independent auditors (*Continued*)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 May 2008 and of the group's profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 May 2008,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Gatwick*

Date 3 November 2008

RAPESCO HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2008

	<u>Notes</u>	<u>Year ended</u> <u>31 May 2008</u>		<u>Year ended</u> <u>31 May 2007</u>	
		£	£	£	£
TURNOVER	1 & 2	14,218,771		15,057,657	
Change in stocks of finished goods and work in progress		42,210		403,822	
Raw materials and consumables, direct costs, carriage and packaging		<u>9,581,344</u>		<u>9,687,748</u>	
		9,623,554		10,091,570	
Operating costs		3,645,872		3,907,397	
Interest payable and similar charges	3	<u>280,767</u>		<u>297,701</u>	
		13,550,193		14,296,668	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	668,578		760,989	
Tax on profit on ordinary activities	4	<u>170,202</u>		<u>194,358</u>	
PROFIT FOR THE FINANCIAL YEAR	16	<u>£498,376</u>		<u>£566,631</u>	

CONTINUING OPERATIONS

All results relate to continuing activities

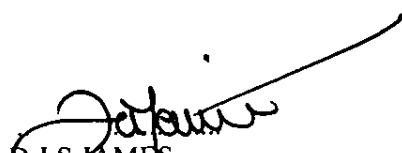
Notes on page 10 to 22 are an integral part of this consolidated profit and loss account

RAPESCO HOLDINGS PLC
CONSOLIDATED BALANCE SHEET

As at 31 May 2008

	<u>Notes</u>	<u>31 May 2008</u>		<u>31 May 2007</u>	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	6		99,437		100,064
Tangible fixed assets	7		<u>1,382,244</u>		<u>1,296,285</u>
			1,481,681		1,396,349
CURRENT ASSETS					
Stocks	9	2,416,551		2,458,761	
Debtors	10	4,652,093		4,825,631	
Cash at bank and in hand		755		386	
		<u>7,069,399</u>		<u>7,284,778</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(4,234,939)</u>		<u>(4,874,154)</u>	
NET CURRENT ASSETS			<u>2,834,460</u>		<u>2,410,624</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,316,141		3,806,973
CREDITORS Amounts falling due after more than one year	12		(705,646)		(542,111)
PROVISION FOR LIABILITIES AND AND CHARGES	13		(129,984)		(82,727)
NET ASSETS			<u>£3,480,511</u>		<u>£3,182,135</u>
CAPITAL AND RESERVES					
Called up share capital	14		249,700		249,700
Other reserves	15		300		300
Profit and loss account	15		<u>3,230,511</u>		<u>2,932,135</u>
SHAREHOLDER'S FUNDS	16		<u>£3,480,511</u>		<u>£3,182,135</u>

Approved by the board of directors and authorised for issue on 29 October 2008


J.S. JAMES
DIRECTOR

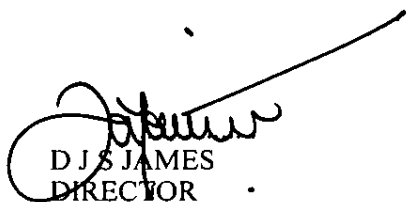
The notes on pages 10 to 22 form an integral part of this consolidated balance sheet

RAPESCO HOLDINGS PLC
COMPANY BALANCE SHEET

As at 31 May 2008

	<u>Notes</u>	<u>31 May 2008</u>	<u>31 May 2007</u>
		£	£
FIXED ASSETS			
Investments	8	349,700	349,700
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(100,000)</u>	<u>(100,000)</u>
NET CURRENT LIABILITIES		<u>(100,000)</u>	<u>(100,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		249,700	249,700
NET ASSETS		<u>£249,700</u>	<u>£249,700</u>
CAPITAL AND RESERVES			
Called up share capital	14	249,700	249,700
SHAREHOLDER'S FUNDS	16	<u>£249,700</u>	<u>£249,700</u>

Approved by the board of directors and authorised for issue on 29 October 2008


D J S JAMES
DIRECTOR

The notes on pages 10 to 22 form an integral part of this balance sheet

RAPESCO HOLDINGS PLC
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2008

	<u>Notes</u>	<u>Year ended</u> <u>31 May 2008</u>	£	£	<u>Year ended</u> <u>31 May 2007</u>	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		821,840		453,895		
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE							
Interest element of finance lease rental payments		(1,708)		(4,398)			
Interest paid		(279,059)		(293,303)			
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(280,767)		(297,701)		
TAXATION							
Corporation tax paid			(124,614)		(136,476)		
CAPITAL EXPENDITURE							
Payments to acquire intangible fixed assets		(10,461)		(100,905)			
Payments to acquire tangible fixed assets		(267,988)		(403,862)			
Receipts from sale of tangible fixed assets		6,091		15,750			
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(272,358)		(489,017)		
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			144,101		(469,299)		
EQUITY DIVIDENDS PAID			(200,000)		(200,000)		
FINANCING							
New loans		277,500		380,000			
Repayment of loans		(87,000)		(82,500)			
Capital element of finance lease rental payments		(77,010)		(100,703)			
NET CASH INFLOW FROM FINANCING			113,490		196,797		
INCREASE/(DECREASE) IN CASH IN YEAR	20 & 21		£57,591		£(472,502)		

The notes on pages 10 to 22 form an integral part of this consolidated cash flow statement

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover

Turnover represents the amount receivable, excluding value added tax, for goods and services invoiced to customers outside the group. Turnover is recognised when the risks and rewards of ownership of products have been transferred to the customer. The risks and rewards of ownership are deemed to have been transferred when the goods are shipped to, or are collected by, the customer.

(c) Intangible fixed assets

Intangible fixed assets are included at cost and amortised in equal annual instalments over a period of 10 years which the directors estimate to be their useful economic life. Provision is made for any impairment when the carrying value of an asset is lower than its recoverable amount.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of each fixed asset over its expected useful life on the following bases -

Fixtures, fittings and office equipment	-	on original cost over 3 to 10 years
Plant and machinery	-	on original cost over 5 to 10 years
Vehicles	-	on reducing balance at 25% per annum on written down value
Short leasehold property	-	on original cost over period of lease

(e) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is calculated as the estimated sale proceeds less all further costs to completion and less attributable costs of selling and distribution.

(f) Basis of consolidation

The group accounts include the accounts of the company and those of its subsidiaries, all of which are made up to 31 May 2008. The results of Rapesco Office Products Plc and Tacwise Group Plc have been consolidated with those of the company using the merger accounting principles set out in Financial Reporting Standard 6, following a corporate restructuring on 1 June 2003.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

1 ACCOUNTING POLICIES (continued)

(g) Foreign currencies

Transactions denominated in foreign currencies are converted at the rates ruling at the date of the transaction. Monetary assets and liabilities at the period end are translated at the period end or the forward contract rate, where applicable. Differences in exchange rates are dealt with in the profit and loss account.

(h) Investments

Fixed asset investments are shown at cost less provision for impairment.

(i) Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Material deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met. Deferred tax balances are not discounted.

(j) Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when the dividend is paid, or approved in a general meeting. In the case of final dividends, this is when approved by the shareholders in the annual general meeting.

(k) Pension

The company operates defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between the profit and loss account charge and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

1 ACCOUNTING POLICIES (continued)

(l) Finance Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

(m) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 TURNOVER

Turnover arises from one class of business. No disclosure of geographical markets has been given as the directors consider this would be seriously prejudicial to the interests of the group.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting)

	Year ended 31 May 2008 £	Year ended 31 May 2007 £
Directors' emoluments (Note 18)	283,912	257,176
Amortisation of intangible fixed assets	11,088	841
Depreciation of owned assets	180,441	137,112
Depreciation of leased assets	21,896	42,963
Hire of plant and machinery - operating leases	24,474	19,617
Other operating leases - land and buildings	177,443	177,443
Interest payable on bank overdraft/loans wholly repayable within five years	154,817	147,337
Interest payable on loan repayable after five years	43,423	36,500
Interest payable on finance leases	1,708	4,398
Interest payable on other loans	6,207	24,266
Other interest payable	74,612	85,200
Auditors' remuneration for audit services	25,120	24,750
Auditors' remuneration for taxation services	12,475	12,750
Loss on disposal of fixed assets	3,014	10,509
Exchange gain	(52,643)	(50,688)

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

4 TAXATION

	Year ended 31 May 2008 £	Year ended 31 May 2007 £
UK Corporation tax	130,261	131,930
Adjustment in respect of previous year	(7,316)	(20,299)
Total current tax	122,945	111,631
Deferred tax – origination and reversal of timing differences	47,257	82,727
	<u>£170,202</u>	<u>£194,358</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK
The differences are explained below

Profit on ordinary activities before tax	<u>£668,578</u>	<u>£760,989</u>
Multiplied by the standard rate of corporation tax in the UK of 29.67% (2007 – 30%)	198,366	228,297
Effects of		
Expenses not deductible for tax purposes	2,767	4,063
Tax relief on finance lease payments	(20,251)	(21,252)
Capital allowances for period in excess of depreciation	(14,733)	(38,603)
Group relief received	(35,888)	(40,575)
Adjustment to tax charge in respect of prior years	(7,316)	(20,299)
Current tax charge for period	<u>£122,945</u>	<u>£111,631</u>

5 DIVIDENDS PAID

	Year ended 31 May 2008 £	Year ended 31 May 2007 £
Interim paid		
£100,000 (2007 - £100,000) per 'B' Ordinary share	<u>£200,000</u>	<u>£200,000</u>

RAPESCO HOLDINGS PLC
NOTES TO THE ACCOUNTS

31 May 2008

(continued)

6 INTANGIBLE FIXED ASSETS

	<u>Patents</u>	<u>Total</u>
	£	£
COST		
At 1 June 2007	100,905	100,905
Additions	10,461	10,461
At 31 May 2008	<u>111,366</u>	<u>111,366</u>
AMORTISATION		
At 1 June 2007	841	841
Charge for the year	11,088	11,088
At 31 May 2008	<u>11,929</u>	<u>11,929</u>
NET BOOK VALUE		
At 31 May 2008	<u>£99,437</u>	<u>£99,437</u>
At 31 May 2007	<u>£100,064</u>	<u>£100,064</u>

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

7 TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures, fittings & office equipment	Plant, machinery & vehicles	Total
	£	£	£	£
COST				
At 1 June 2007	155,278	769,964	2,254,919	3,180,161
Additions	-	10,361	287,040	297,401
Disposals	-	-	(24,675)	(24,675)
At 31 May 2008	155,278	780,325	2,517,284	3,452,887
DEPRECIATION				
At 1 June 2007	111,453	688,030	1,084,393	1,883,876
Charge for the year	6,211	24,510	171,616	202,337
Disposals	-	-	(15,570)	(15,570)
At 31 May 2008	117,664	712,540	1,240,439	2,070,643
NET BOOK VALUE				
Owned assets	-	51,953	1,203,491	1,255,444
Leased assets	37,614	15,832	73,354	126,800
At 31 May 2008	£37,614	£67,785	£1,276,845	£1,382,244
Owned assets	-	64,343	1,032,365	1,096,708
Leased assets	43,825	17,591	138,161	199,577
At 31 May 2007	£43,825	£81,934	£1,170,526	£1,296,285

The tangible fixed assets relate to the group The company holds no tangible fixed assets

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

8 FIXED ASSET INVESTMENTS

Cost and net book value

£

At 31 May 2008 and 31 May 2007

£349,700

The company holds the entire issued share capital of the following companies

Name	Country of incorporation	Proportion of share capital held	Principal activity
Rapesco Office Products Plc	England	100%	Staplers and Perforators
Tacwise Group Plc	England	100%	Light and industrial fixings and fastenings
Tunco (2003) 106 Limited*	England	100%	Distribution of Office machinery
Rapesco Limited*	England	100%	Dormant
Stapling Centre Limited*	England	100%	Dormant

* These companies are subsidiaries held indirectly by Rapesco Holdings Plc

9 STOCKS

	<u>31 May 2008</u>	<u>Group</u> <u>31 May 2007</u>
	£	£
Spare parts	20,205	19,848
Finished goods	2,396,346	2,438,913
	<u>£2,416,551</u>	<u>£2,458,761</u>

10 DEBTORS

	<u>31 May 2008</u>	<u>Group</u> <u>31 May 2007</u>
	£	£
Trade debtors	2,661,452	3,353,633
Other debtors	130,486	94,553
Amount due from parent company	1,471,988	938,323
Prepayments and accrued income	388,167	439,122
	<u>£4,652,093</u>	<u>£4,825,631</u>

All amounts fall due for payment within one year

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 May 2008</u>	<u>Group</u> <u>31 May 2007</u>
	£	£
Bank loan and overdraft (secured)	2,054,334	2,093,556
Trade creditors	1,402,673	1,963,677
Other taxation and social security	186,838	266,261
Accruals and deferred income	426,842	346,107
Corporation tax payable	130,261	131,930
Lease payments due	33,991	72,623
	<u>£4,234,939</u>	<u>£4,874,154</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the group companies

Other loans are unsecured and interest is payable at 3% above the Bank of England base rate

Company creditors of £100,000 (31 May 2007 - £100,000) are represented by amounts owed to group undertakings

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>31 May 2008</u>	<u>Group</u> <u>31 May 2007</u>
	£	£
Bank loan (secured) repayable by instalments	615,000	442,500
Loan (unsecured) repayment due after 31 May 2008	70,000	70,000
Lease payments due	20,646	29,611
	<u>£705,646</u>	<u>£542,111</u>

	<u>31 May 2008</u>	<u>Group</u> <u>31 May 2007</u>		<u>31 May 2007</u>
	Bank loan £	Finance leases £		Bank loan £
In less than one year	108,000	33,991		90,000
In more than one year but not more than two years	108,000	20,646		22,832
In more than two years but not more than five years	324,000	-		352,500
In more than five years	183,000	-		-
	<u>£723,000</u>	<u>£54,637</u>		<u>£532,500</u>
				<u>£102,234</u>

The terms of repayment are -

Bank loan (secured) - £7,500 per month with interest at base plus 2.75%
 Loan (unsecured) - No repayments with interest at base plus 3%

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

13 PROVISION FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are as follows

	<u>Group</u> £
At 31 May 2007	82,727
Increase during the year –	
All of the deferred taxation results from accelerated capital allowances	<u>47,257</u>
At 31 May 2008	<u><u>£129,984</u></u>

The above has resulted in a charge to the profit and loss account in the year of £47,257 (31 May 2007 - £82,727)

14 CALLED UP SHARE CAPITAL

	<u>31 May 2008</u> £	<u>31 May 2007</u> £
Authorised		
249,700 Ordinary shares of £1 each	249,700	249,700
2 'A' Ordinary shares of 5p each	-	-
2 'B' Ordinary shares of 5p each	-	-
2 'C' Ordinary shares of 5p each	-	-
2 'D' Ordinary shares of 5p each	-	-
	<u>£249,700</u>	<u>£249,700</u>
Allotted, called up and fully paid		
249,700 Ordinary shares of £1 each	249,700	249,700
2 'A' Ordinary shares of 5p each	-	-
2 'B' Ordinary shares of 5p each	-	-
2 'C' Ordinary shares of 5p each	-	-
	<u>£249,700</u>	<u>£249,700</u>

The ordinary shares, 'A' ordinary shares, 'B' ordinary shares, 'C' ordinary shares and 'D' ordinary shares rank pari passu in all respects, with the exception of the following

- (i) directors may declare and pay dividends which vary from class to class and in frequency between each class of shares. However, all dividends are paid pari passu to all shares within any individual class of shares, and
- (ii) on a winding up, the holders of the 'A' shares, 'B' shares and 'C' shares are excluded from any participation in the capital or the assets of the company

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

15 RESERVES

	<u>Group</u>	
	<u>Other reserves</u>	<u>Profit and loss</u>
	£	£
At 1 June 2007	300	2,932,135
Profit for the financial year	-	498,376
Dividends paid	-	(200,000)
At 31 May 2008	<u>£300</u>	<u>£3,230,511</u>

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>31 May 2008</u>	<u>31 May 2007</u>	<u>31 May 2008</u>	<u>31 May 2007</u>
	£	£	£	£
At 1 June 2007	3,182,135	2,815,504	249,700	249,700
Profit for the financial year	498,376	566,631	200,000	200,000
Dividend paid	(200,000)	(200,000)	(200,000)	(200,000)
At 31 May 2008	<u>£3,480,511</u>	<u>£3,182,135</u>	<u>£249,700</u>	<u>£249,700</u>

17 PARTICULARS OF EMPLOYEES

The average number of persons employed by the group (including Directors) during the year was -

Category	<u>Year ended 31 May 2008</u>	<u>Year ended 31 May 2007</u>
Administration	11	12
Warehousing and distribution	11	12
Selling	36	39
Direct manufacturing	4	4
	<u>62</u>	<u>67</u>

Their total remuneration was -

	£	£
Wages and salaries	1,822,177	1,812,566
Social security costs	187,117	187,071
Other pension costs	65,710	65,749
	<u>£2,075,004</u>	<u>£2,065,386</u>

All group employees are employed by Tacwise Group Plc and therefore the company remuneration is £nil (31 May 2007 - £nil)

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

18 DIRECTORS' EMOLUMENTS

	Year ended 31 May 2008	Year ended 31 May 2007
	£	£
Directors' remuneration for executive services (excluding pension contributions)	<u>£283,912</u>	<u>£257,176</u>
Emoluments of the highest paid director (excluding pension contributions)	<u>£144,292</u>	<u>£124,292</u>

The number of directors who were members of a money purchase pension scheme was 3 (31 May 2007 - 3) Payment of employer's contributions to the scheme in the period was £11,433 (31 May 2007 - £11,200) The employer's contributions in respect of the highest paid director were £6,533 (31 May 2007 - £6,400)

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 May 2008	Year ended 31 May 2007
	£	£
Operating profit	949,345	1,058,690
Depreciation and amortisation	213,425	180,916
Decrease in stocks	42,210	403,822
Decrease/(increase) in debtors	173,538	(932,948)
Decrease in creditors	(559,692)	(267,094)
Loss on disposal of fixed assets	3,014	10,509
Net cash inflow from operating activities	<u>£821,840</u>	<u>£453,895</u>

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash for the year	57,591	
Cash outflow from increase in loan and lease financing	(113,490)	
Change in net debt resulting from cashflow	(55,899)	
New finance leases	(29,413)	
		<u>£(85,312)</u>
Net debt at 31 May 2007	(2,707,904)	
Net debt at 31 May 2008	(2,793,216)	
Movement in net debt in the period		<u>£(85,312)</u>

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

21 ANALYSIS OF CHANGE IN NET DEBT

	<u>31 May 2007</u>	<u>Cash flow</u>	<u>Other non-</u> <u>cash changes</u>	<u>31 May 2008</u>
	£	£	£	£
Cash at bank and in hand	386	369	-	755
Overdraft	(2,003,556)	57,222	-	(1,946,334)
Debt due within 1 year	(90,000)	(18,000)	-	(108,000)
Debt due after 1 year	(512,500)	(172,500)	-	(685,000)
Obligations under finance leases	(102,234)	77,010	(29,413)	(54,637)
Total	<u>£(2,707,904)</u>	<u>£(55,899)</u>	<u>£(29,413)</u>	<u>£(2,793,216)</u>

22 CONTINGENT LIABILITIES AND COMMITMENTS ON BEHALF OF GROUP COMPANIES

- (a) The subsidiary companies have given unlimited guarantees and unlimited debentures to the bankers of Rapesco Office Products Plc. The maximum liability at 31 May 2008 was £2,669,334 (31 May 2007 - £2,536,056)
- (b) There is a VAT election and each trading company in the group is jointly and severally liable for the whole of the group's VAT liability. The maximum liability at 31 May 2008 was £136,788 (31 May 2007 - £209,232)
- (c) The group operates two defined contribution schemes, one is for the benefit of the directors and the other for the employees. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The pension cost charged to the profit and loss account for the year amounted to £65,710 (2006 - £65,749)
- (d) The group had committed £400,000 in respect of forward foreign exchange contracts at 31 May 2008 (2007 - £100,000) on which a gain of £6,895 would have been made at 31 May 2008 (2007 - loss of £1,646)

23 FINANCIAL COMMITMENTS

	<u>Finance leases</u>	
	<u>Year ended</u> <u>31 May 2008</u>	<u>Year ended</u> <u>31 May 2007</u>
	£	£
Due/expires		
Within one year	33,991	72,623
Between two and five years	20,646	29,611
	<u>£54,637</u>	<u>£102,234</u>

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2008

(continued)

23 FINANCIAL COMMITMENTS (continued)

These finance leases are secured on the assets to which they relate
Annual commitments under non-cancellable operating leases are as follows -

	<u>Operating leases</u>			
	<u>31 May 2008</u>		<u>31 May 2007</u>	
	<u>Plant & equipment</u>	<u>Land & buildings</u>	<u>Plant & equipment</u>	<u>Land & buildings</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Annual rents on operating leases expiring				
Within one year	-	-	-	-
Between two and five years	20,049	-	20,049	-
After five years	-	177,443	-	177,443
	<u>£20,049</u>	<u>£177,443</u>	<u>£20,049</u>	<u>£177,443</u>

24 COMPANY PROFIT AND LOSS ACCOUNT

No profit and loss account has been prepared for Rapesco Holdings Plc as permitted by Section 230 of the Companies Act 1985. The company has not traded in either the year ended 31 May 2008 or the year ended 31 May 2007 and accordingly its profit for those years is £nil.

25 RELATED PARTY TRANSACTIONS

At 31 May 2008 and 31 May 2007, the group owed £70,000 to the pension fund of which certain of the directors are beneficiaries, under an unsecured loan. Interest of £5,932 (2007 - £4,269) was charged on this loan during the period.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose details of transactions with other members of the group headed by Rapesco Group Holdings Plc as 90% or more of the issued share capital of the company is held within the group and consolidated financial statements are prepared by Rapesco Group Holdings Plc which are publicly available.

26 ULTIMATE PARENT COMPANY

Rapesco Group Holdings Plc is the company's immediate and ultimate parent company. The results of the company are consolidated in the financial statements of Rapesco Group Holdings Plc, which is the parent of the largest group for which consolidated financial statements are prepared that include the results of the company.