

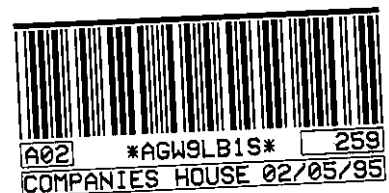
DIRECTOR'S REPORT AND ACCOUNTS OF

OFREX OFFICE SUPPLIES LIMITED

FOR THE YEAR ENDED

31ST DECEMBER 1994

COMPANY NUMBER: 286834



**OFREX OFFICE SUPPLIES LIMITED****REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994**

The directors present their report and the audited financial statements for the year ended 31st December 1994.

**Introduction****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 as at the end of the financial year 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.

State whether applicable standards have been followed.

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. 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.

1. **Principal Activities**

The principal activity of the Company is the distribution of office and computer supplies and furniture.

2. **Review of Business and Future Developments**

Sales in 1994 grew by 22% over the calendar year 1993. Profits were restored with an improvement of over £2 million at both operating and pre-tax levels. Growing sales and strict cost control have laid the foundation for continued profit improvement in 1995.

**OFREX OFFICE SUPPLIES LIMITED****REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994 (Contd)**3. Dividends and Transfers from Reserves

The directors do not recommend the payment of a dividend (1993: £Nil).  
The retained profit for the period of £925,000 has been transferred to reserves.

Movements in reserves are shown on page 5.

4. Fixed Assets

The movements in fixed assets during the year are set out in note 9 to the accounts.

5. Directors

The directors who served during the period were as follows:

Mr. R. D. Cowan	Mr. P. Cuvelier	Mr. H. Deegenaar
Mr. Y. Delahousse	Mr. A. F. Guilbert	Mr. A. M. Guilbert
Mr. R. C. Peck	Mr. A. Prudham	Mr. P. Williams

6. Directors' Interests in Shares

No director had any interest during the period in the company's shares or debentures or in any material contract with the company.

7. Disabled Persons

The Company extends its equal opportunities policy to include the recruitment, training and career development of disabled workers. Such staff are given full and fair consideration along with other candidates for all existing and promotional vacancies.

**OFREX OFFICE SUPPLIES LIMITED****REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994 (Contd)**8. Employee Involvement

The Company continues its practice of keeping its employees informed on matters affecting them and on the performance of the Company. This is achieved by various means, such as, general bulletins posted to notice boards and periodical departmental staff briefings.

**BY ORDER OF THE BOARD****Secretary****Date** 8th March 1995

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
OFREX OFFICE SUPPLIES LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

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 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 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 the 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross & Co.*

**Touche Ross & Co.  
Chartered Accountants  
and Registered Auditors  
Abbey House  
74 Mosley Street  
Manchester  
M60 2AT**

**Date** 14 March 1995

**OFREX OFFICE SUPPLIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994**

		<u>12 Months Ended</u> <u>31.12.94</u>	<u>13 Months Ended</u> <u>31.12.93</u>
	<u>Notes</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2	30499	26501
Cost of Sales		(24209)	(22245)
GROSS PROFIT		<u>6290</u>	<u>4256</u>
Distribution Costs		(3216)	(3109)
Administrative Expenses		(1655)	(1793)
OPERATING PROFIT / (LOSS)	3	<u>1419</u>	<u>(646)</u>
Interest payable and similar charges	4	(121)	(91)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1298</u>	<u>(737)</u>
Tax on profit / (loss) on ordinary activities	7	(373)	259
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>925</u>	<u>(478)</u>
DIVIDENDS PAID	8	-	-
RETAINED PROFIT / (LOSS) FOR THE PERIOD		<u>925</u>	<u>(478)</u>
<b><u>STATEMENT OF RETAINED PROFITS</u></b>		<u>£'000</u>	<u>£'000</u>
Retained (Losses) / Profits at beginning of period		(85)	393
Retained Profit / (Loss) for the period		925	(478)
Retained Profits / (Losses) at end of period		<u>840</u>	<u>(85)</u>

All activities derive from continuing operations. There are no recognised gains or losses other than the results for the period.

		1994	1993
	Notes	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible Assets	9	2038	1618
<b>CURRENT ASSETS</b>			
Stocks	10	2033	1809
Debtors	11	5922	4717
Cash at bank and in hand		3	3
		<u>7958</u>	<u>6529</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(6267)</u>	<u>(5348)</u>
<b>NET CURRENT ASSETS</b>		1691	1181
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3729	2799
<b>CREDITORS: amounts falling due after more than one year</b>	13	(888)	(883)
		<u>2841</u>	<u>1916</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2001	2001
Profit and loss account		840	(85)
<b>Equity Shareholders' Funds</b>		<u>2841</u>	<u>1916</u>

R. D. Cowan

R. C. Peck

## Directors

**OFREX OFFICE SUPPLIES LIMITED**

**NOTES TO THE ACCOUNTS**

1. Principal Accounting Policies

The accounts are prepared in accordance with applicable Accounting Standards and the historical cost convention. A summary of the more important accounting policies are set out below.

(a) Turnover

Turnover represents amounts invoiced, excluding V.A.T.

(b) Tangible Fixed Assets

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the fixed assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	20 - 33%
Furniture, fittings and office equipment	10 - 33%
Motor vehicles	25%

Leasehold land and buildings are amortised over the period of the lease.

(c) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

Net realisable value is the amount at which it is expected items of stock can be disposed of in the normal course of business, after allowing for the costs of realisation. Provision is made for obsolescent, slow moving and defective stocks when appropriate.

(d) Deferred tax

Provision is made for deferred tax, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. The rate used is that which is expected to be applied when the liability or asset is expected to crystallise.



**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)****(e) PVB Policy**

Under the product voucher book scheme, customers may purchase books of vouchers for specified products. The vouchers can later be exchanged for the specific product at no additional cost to the customer. The company takes credit for the income arising from the sale of the voucher at the date of the sale. The estimated cost to the company of meeting its future obligations on valid unredeemed vouchers issued in the five years up to the balance sheet date is included in 'Accruals and deferred income'.

**(f) Foreign Currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account in the year in which they arise.

**(g) Finance and Operating Leases**

Tangible fixed assets held under finance leases, whereby all the risks and rewards of ownership are acquired, are treated as if they had been purchased at fair value and depreciated in accordance with the company's accounting policy. The capital element of future lease payments is included within creditors and the finance element of the lease payments is charged against profit as interest using the annuity method. Operating lease rentals are charged against profit as they are incurred.

**(h) Pensions**

The regular cost of providing pensions is charged to operating profit over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost are allocated to operating profit over the expected remaining service lives of current employees.

**(i) Cashflow**

No cashflow statement has been presented as the company has taken advantage of the exemption available under FRS1 for wholly owned subsidiaries of parent companies which themselves prepare a consolidated cashflow statement.

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**2. Turnover

The company's turnover by geographical area was as follows:

	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
The United Kingdom	30335	26231
Other EC Countries	164	270
	<u>30499</u>	<u>26501</u>

3. Operating Profit / (Loss)

	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
Operating profit / (loss) is stated after charging:		
Auditor's remuneration:		
Audit	18	17
Non-Audit Services	5	3
Operating lease rentals: land & buildings	453	484
Depreciation of owned assets	356	562
Depreciation of assets held under finance leases	303	80
Director's emoluments:		
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	259	259
Exceptional items:		
Cost associated with acquisition of the company	-	46
Redundancies and related costs	-	211
	<u>          </u>	<u>          </u>

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**

4.	<u>Interest payable and similar charges</u>	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
	Group Loan Interest	27	61
	Finance Lease Interest	82	23
	Bank Interest Payable	12	7
		<u>121</u>	<u>91</u>
5.	<u>Directors' Emoluments</u>		

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
The Chairman	-	-
The highest paid director	<u>72</u>	<u>73</u>

The number of directors (including the Chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	<u>1994</u>	<u>1993</u>
£Nil to £5,000	5	5
£40,001 to £45,000	-	-
£45,001 to £50,000	1	-
£50,001 to £55,000	-	2
£55,001 to £60,000	2	1
£60,001 to £65,000	-	-
£70,001 to £75,000	1	1

6. Employee Information

- (a) The average number of persons employed by the company (including executive directors) during the period is analysed below:

	<u>1994</u>	<u>1993</u>
Selling and distribution	238	231
Administration	44	46
	<u>282</u>	<u>277</u>

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**6. Employee Information (Contd)

(b) Employment costs of all employees included above comprised:

	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
Gross wages & salaries	4724	5056
Employer's national insurance and state pension contributions	411	450
Employer's pension contributions under the Group pension scheme (see note 18)	267	253
	—	—
	5402	5759
	=====	=====

7. Tax on Profit / (Loss) on Ordinary Activities

	<u>12 Months</u> <u>Ended 31.12.94</u> <u>£'000</u>	<u>13 Months</u> <u>Ended 31.12.93</u> <u>£'000</u>
United Kingdom Corporation Tax based on profit / (loss) for the period at 33% (1993 - 33%)	373	(212)
Under / (Over) provision in respect of previous years	-	(47)
	—	—
	373	(259)
	=====	=====

The tax charge is disproportionate due to timing differences not provided in earlier years.

8. Dividends

No dividend is to be paid on the ordinary shares of the company (1993: £Nil).

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**9. Tangible Fixed Assets

	<u>Improvements to Leasehold Land &amp; Buildings</u>	<u>Plant &amp; Machinery</u>	<u>Furniture Fittings &amp; Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
COST					
at 01.01.94	390	96	1675	1667	3828
Additions	22	12	281	852	1167
Disposals	-	-	(7)	(554)	(561)
at 31.12.94	<u>412</u>	<u>108</u>	<u>1949</u>	<u>1965</u>	<u>4434</u>
DEPRECIATION					
at 01.01.94	156	72	1364	618	2210
Charge for year	40	19	135	465	659
Disposals	-	-	(2)	(471)	(473)
at 31.12.94	<u>196</u>	<u>91</u>	<u>1497</u>	<u>612</u>	<u>2396</u>
Net book value at 31.12.94	<u>216</u>	<u>17</u>	<u>452</u>	<u>1353</u>	<u>2038</u>
Net book value at 31.12.93	<u>234</u>	<u>24</u>	<u>311</u>	<u>1049</u>	<u>1618</u>

The net book value of fixed assets of £2,038,000 (1993: £1,618,000) includes an amount of £1,229,000 (1993: 737,000) in respect of assets held under finance leases.

**OEREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**

10.	<u>Stocks</u>	<u>1994</u> £'000	<u>1993</u> £'000
	Finished goods and goods for resale	2033	1809
		<hr/>	<hr/>
11.	<u>Debtors: amounts falling due within one year</u>	<u>1994</u> £'000	<u>1993</u> £'000
	Trade debtors	5205	3985
	Amounts owed by Group undertaking:		
	Amounts owed by parent company	19	17
	Amounts owed by fellow subsidiaries	18	45
	Prepayments and accrued income	468	458
	UK Corporation Tax Receivable	212	212
		<hr/>	<hr/>
		5922	4717
		<hr/>	<hr/>
12.	<u>Creditors: amounts falling due within one year</u>	<u>1994</u> £'000	<u>1993</u> £'000
	Bank overdraft	600	397
	Trade creditors	2667	2792
	Amounts owed to Group undertakings:		
	Amounts owed to parent company	80	75
	Loan due to parent company	332	166
	UK Corporation Tax payable	373	-
	Other creditors including social security	298	298
	Accruals and deferred income	1572	1453
	Obligations under finance leases	345	167
		<hr/>	<hr/>
		6267	5348
		<hr/>	<hr/>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**13. Creditors: amounts falling due after more than one year

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Parent Company Loan	-	332
Obligations under finance leases		
payable within 1-2 years	487	181
payable within 2-5 years	401	370
	<u>888</u>	<u>883</u>

14. Called Up Share Capital

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Authorised		
2,500,000 shares of £1 each	2,500,000	2,500,000
Allotted, called up and fully paid:		
2,001,325 shares of £1 each	2,001,325	2,001,325

15. Reconciliation of movements in shareholders' funds

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Profit / (Loss) for the financial period	925	(478)
Dividends	-	-
	<u>925</u>	<u>(478)</u>
Issue of Shares	-	2000
Net addition to shareholders' funds	925	1552
Opening shareholders' funds	1916	394
Closing shareholders' funds	<u>2841</u>	<u>1916</u>

**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**16. Deferred Taxation

Deferred taxation provided in the financial statements, and the total potential asset including the amounts for which provision has been made, are as follows:

	<u>Amount Provided</u>		<u>Total Potential Asset</u>	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	-	-	(25)	(62)
Losses carried forward	-	-	-	(10)
Other	-	-	(205)	(246)
	<u>-</u>	<u>-</u>	<u>(230)</u>	<u>(318)</u>

17. Capital Commitments

(a) Capital Expenditure	<u>1994</u> £'000	<u>1993</u> £'000
Expenditure contracted for	75	116
Expenditure authorised by directors but not yet contracted for	<u>23</u>	<u>26</u>

(b) Commitments under Operating Leases

Amounts payable under operating leases during the year ended 31.12.95 are payable on leases expiring within the following periods after 31.12.94.

	<u>Land &amp; Buildings</u>	
	<u>1994</u> £'000	<u>1993</u> £'000
- Two to five years	45	22
- Over Five years	410	408
	<u>455</u>	<u>430</u>



**OFREX OFFICE SUPPLIES LIMITED****NOTES TO THE ACCOUNTS (Contd)**18. Pensions

The company operates a defined benefits pension scheme which covers many of the company's employees. The scheme is funded by contributions from employees and the Company, the latter being charged against profits each year.

The latest actuarial valuation of the Scheme was made by a qualified actuary as at 1st April 1993. At that date the market value of the assets was £3.842M and was sufficient to cover 110% of the benefits which had accrued to Ofrex members, after allowing for assumed increases in earnings.

The employer expense in respect of the Plans was calculated in accordance with Statement of Standard Accounting Practice No: 24 (SSAP24) 'Accounting for Pension Costs' at the rate of 11.9% of pensionable earnings using the 'attained age method'. The overall assumptions include the use of a 2% real rate of return with assets valued using the discounted cashflow approach. Allowance has also been made for discretionary pension increases in arriving at the SSAP24 pension costs.

The pension cost for the company was £266,747 (1993 £253,304). This included £88,417 (1993 £57,682) in respect of amortisation of surpluses that are being recognised over the average remaining service lives of employees. A provision of £616,619 (1993 £705,036) is included in creditors, this being the excess of the accumulated pension cost over the amount funded.

19. Reservation of Title

Creditors include some trade debts which are, or may be, secured by the reservation, by the supplier, of legal title to the goods supplied and to the proceeds of their sale. The amounts secured in this way depend on the legal interpretation of individual contracts and cannot, in the opinion of the directors, be readily ascertained.

20. Ultimate Parent Company

At 31st December 1994, The Directors regard Guilbert SA, a company incorporated in France as the ultimate parent company. Copies of the financial statements of the ultimate parent company can be obtained from Guilbert SA, 126 Avenue du Poteau, 60451, Senlis Cedex, France.