

F J BESWICK (NORTHAMPTON) LIMITED

FINANCIAL STATEMENTS

30 APRIL 1998

Registered number: 00627599

COX & CO

CHARTERED CERTIFIED ACCOUNTANTS

Dudley



F J BESWICK (NORTHAMPTON) LIMITED

FINANCIAL STATEMENTS

for the year ended 30 April 1998

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F J BESWICK (NORTHAMPTON) LIMITED

COMPANY INFORMATION

30 April 1998

NUMBER	00627599
DIRECTORS	R F Stanyon P J Beswick Mrs M C Beswick R J Keeling
SECRETARY	Mrs J P Stanyon
REGISTERED OFFICE	10 Dudley Road Oldbury Warley West Midlands B69 3DN
BANKERS	Barclays Bank Plc 313 High Street West Bromwich West Midlands B70 8LP
SOLICITORS	Vernon & Shakespeare 15/17 Church Street Oldbury Warley West Midlands B69 3AA
AUDITORS	Cox & Co Chartered Certified Accountants King Charles House Castle Hill Dudley West Midlands. DY1 4PS

F J BESWICK (NORTHAMPTON) LIMITED

DIRECTORS' REPORT

30 April 1998

The directors present their report and the audited financial statements for the year ended 30 April 1998.

Principal activity

The principal activity of the company is that of wholesale paper merchants.

Business review

The results for the year and the financial position at the year end were considered satisfactory by the directors with shareholders funds amounting to £2,155,304.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 7.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30 April 1998 Ordinary shares	1 May 1997 Ordinary shares
R F Stanyon	500	500
P J Beswick	498	498
Mrs M C Beswick	2	2
R J Keeling	-	-

In accordance with the Articles of Association, Mrs M C Beswick retires by rotation at the forthcoming annual general meeting and, being eligible, offers herself for re-election.

continued

F J BESWICK (NORTHAMPTON) LIMITED

DIRECTORS' REPORT
(continued)

30 April 1998

Charitable and Political Contributions

The company made a charitable contribution of £1,500 during the year.

Year 2000

As discussed at length by the media, many computerised systems will need to be modified or replaced in order to perform year 2000 transactions.

Our business depends on computerised accounting systems to prepare the accounts and record the transactions. Having initially assessed our computerised systems, we do not envisage any material expenses being incurred for modification or replacement of hardware or software.

Auditors

During the year Price, Rudge & Co retired as auditors of the company and no notice under Section 394 of the Companies Act 1985 was received at the company's registered office. Cox & Co were appointed in their place and offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board

Mrs J P Stanyon
Secretary

10 Dudley Road
Oldbury
Warley
West Midlands B69 3DN

27 November 1998



F J BESWICK (NORTHAMPTON) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

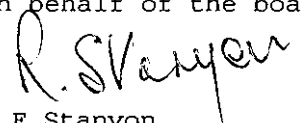
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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.

27 November 1998

On behalf of the board



R F Stanyon
Director

AUDITORS' REPORT TO THE MEMBERS OF

F J BESWICK (NORTHAMPTON) LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Dudley
27 November 1998

Cox & Co
Registered Auditors
Chartered Certified Accountants

F J BESWICK (NORTHAMPTON) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 April 1998

	Note	1998 £	1997 £
Turnover	2	13,510,197	13,544,370
Cost of sales		(10,642,866)	(10,576,542)
Gross profit		2,867,331	2,967,828
Net operating expenses			
Administrative expenses		(2,670,474)	(2,476,652)
Operating profit	3	196,857	491,176
Investment income		3,636	10,470
Interest payable	4	(65,842)	(46,533)
Profit on ordinary activities before taxation		134,651	455,113
Taxation	6	(43,449)	(384,587)
Profit on ordinary activities after taxation		91,202	70,526
retained for the year	13		

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

F J BESWICK (NORTHAMPTON) LIMITED

BALANCE SHEET

at 30 April 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	7		980,498		992,779
Current assets					
Stocks	8	1,546,490		1,611,090	
Debtors	9	2,994,929		3,380,320	
Cash at bank and in hand		101,187		57,712	
		<u>4,642,606</u>		<u>5,049,122</u>	
Creditors: amounts falling due within one year	10	(3,297,418)		(3,777,317)	
Net current assets			<u>1,345,188</u>		<u>1,271,805</u>
Total assets less current liabilities			<u>2,325,686</u>		<u>2,264,584</u>
Creditors: amounts falling due after more than one year	11		(170,382)		(200,482)
			<u>2,155,304</u>		<u>2,064,102</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		2,154,304		2,063,102
Total shareholders' funds	14		<u>2,155,304</u>		<u>2,064,102</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 27 November 1998 and signed on its behalf by:

R F Stanyon
R F Stanyon
Director

F J BESWICK (NORTHAMPTON) LIMITED

CASH FLOW STATEMENT

for the year ended 30 April 1998

	Note	1998		1997	
		£	£	£	£
Net cash inflow from operating activities	18		230,918		341,447
Returns on investments and servicing of finance					
Interest received		3,636		10,470	
Interest paid		(65,440)		(46,044)	
Interest element of finance lease rental payments		(402)		(489)	
			(62,206)		(36,063)
Taxation					
Corporation tax paid			(80,649)		(395,778)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(140,900)		(134,361)	
Sale of tangible fixed assets		37,659		68,498	
			(103,241)		(65,863)
			(15,178)		(156,257)
Financing					
Debt due within a year:					
Bank loan repayments		(48,214)		(72,867)	
Debt due beyond a year:					
Bank loan repayments		(4,729)		(839)	
Capital element of finance lease rentals		(284)		(197)	
			(53,227)		(73,903)
Decrease in cash	19		(68,405)		(230,160)

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

1 Accounting policies**Basis of accounting**

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

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Motor vehicles	25% p.a reducing balance method
Plant, fixtures and fittings	20% p.a reducing balance method

Depreciation is not provided on freehold property as the directors consider that because the property is subject to a continuous programme of maintenance and repair the residual value of the property is not less than the amount in the accounts. Provision will be made should any permanent diminution in value occur.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Pensions**Defined benefit scheme**

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working life with the company. The regular cost is attributed to the individual years using the projected unit method. Variations in cost which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Profit on sale of assets	-	19,714
and after charging		
Staff costs (note 5)	1,851,884	1,684,447
Auditors' remuneration	5,500	11,450
Operating leases		
Vehicle contract hire	46,868	17,184
Hire of equipment	15,920	2,618
Loss on sale of assets	14,030	-
Depreciation of tangible fixed assets (note 7)		
Owned assets	101,154	104,253
Leased assets	338	423
	101,492	104,676

4 Interest payable

	1998 £	1997 £
Bank interest	65,440	46,044
Hire purchase interest	402	489
	65,842	46,533

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

5 Staff Costs

	1998	1997
Staff costs including directors' emoluments	£	£
Wages and salaries	1,525,992	1,389,767
Social security costs	135,678	122,636
Pension costs	190,214	172,044
	<u>1,851,884</u>	<u>1,684,447</u>
Average monthly number employed including executive directors:	Number	Number
Warehouse and drivers	30	33
Office and management	20	19
Sales and representatives	20	20
	<u>70</u>	<u>72</u>
Directors	£	£
Emoluments	508,079	399,192
Company contributions in respect of Director's Pensions	122,947	125,101
	<u>631,026</u>	<u>524,293</u>
During the year the following number of directors:	Number	Number
Accrued retirement benefits under:		
Money purchase pension schemes	3	3
Defined benefit pension schemes	1	1
No director received shares under long-term incentive schemes and there are no share options to exercise.		
Highest paid director	£	£
Emoluments	278,079	229,192
Company contributions in respect of Director's pensions	<u>72,947</u>	<u>65,101</u>

Company pension schemes are detailed in note 17.

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

6 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 31% (1997 33%)	43,500	80,700
(Over)/under provision in earlier years	(51)	303,887
	<u>43,449</u>	<u>384,587</u>

The underprovision relating to 1997 results from the conclusion of an Inland Revenue investigation.

7 Tangible fixed assets

Cost	Motor Vehicles £	Plant, Equipment, Fixtures & Fittings £	Freehold Land and Buildings £	Total £
1 May 1997	570,987	449,585	645,678	1,666,250
Additions	108,795	32,105	-	140,900
Disposals	(145,812)	(102,881)	-	(248,693)
30 April 1998	<u>533,970</u>	<u>378,809</u>	<u>645,678</u>	<u>1,558,457</u>
Depreciation				
1 May 1997	356,184	317,287	-	673,471
Charge for year	71,147	30,345	-	101,492
Disposals	(106,802)	(90,202)	-	(197,004)
30 April 1998	<u>320,529</u>	<u>257,430</u>	<u>-</u>	<u>577,959</u>
Net book amount				
30 April 1998	<u>213,441</u>	<u>121,379</u>	<u>645,678</u>	<u>980,498</u>
1 May 1997	<u>214,803</u>	<u>132,298</u>	<u>645,678</u>	<u>992,779</u>

The net book amount of fixed assets includes £1,353 (1997 £1,691) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

The open market value of the freehold land and buildings was valued on behalf of Barclays Bank Plc by a Chartered Surveyor to be £687,500 at the 25 March 1996.

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

8 Stocks	1998 £	1997 £
General stock	1,546,490	1,611,090
	<u>1,546,490</u>	<u>1,611,090</u>
9 Debtors	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	2,902,193	3,286,798
Amounts owed by related undertakings (Note 20)	13,996	21,148
Other debtors	7,500	7,500
Prepayments and accrued income	71,240	64,874
	<u>2,994,929</u>	<u>3,380,320</u>
10 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts (Note 11)	719,716	631,050
Trade creditors	1,647,868	2,277,758
Amounts owed to related undertakings (Note 20)	313,335	230,045
Corporation tax	43,500	80,700
Other taxation and social security	276,897	313,065
Other creditors	211,573	141,803
Accruals and deferred income	84,158	102,612
Obligations under finance leases and hire purchase contracts - note 11	371	284
	<u>3,297,418</u>	<u>3,777,317</u>

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

- 11 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Other liabilities		
Bank loans	168,750	198,479
Obligations under finance leases and hire purchase contracts	1,632	2,003
	<u>170,382</u>	<u>200,482</u>

Maturity of debt

In one year or less, or on demand - see note 10	719,716	631,050
Between one and two years	25,000	29,729
Between two and five years	75,000	75,000
In five years or more	68,750	93,750
	<u>888,466</u>	<u>829,529</u>

**Amounts falling due
after more than five years:**

Bank loans	<u>68,750</u>	<u>93,750</u>
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The bank loan and overdraft are secured by a floating charge on the assets of the company and by a charge on the freehold property dated 18 April 1990.

**Obligations under finance leases
and hire purchase contracts**

These are repayable over varying periods
by monthly instalments as follows:

In the next year - see note 10	371	284
In the second to fifth years	1,632	2,003
	<u>2,003</u>	<u>2,287</u>

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

12 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted called up and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

13 Profit and loss account

	1998 £
1 May 1997	2,063,102
Retained profit for the year	91,202
30 April 1998	2,154,304

14 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	91,202	70,526
Opening shareholders' funds	2,064,102	1,993,576
Closing shareholders' funds	2,155,304	2,064,102

15 Provision for liabilities and charges

There is no provision for deferred taxation in these accounts.
The amount of unprovided deferred taxation is £6293 (1997 - £7536)

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases as at 30 April 1998 are set out below:

	1998 Land and Buildings £	1998 Plant & Other £	1997 Land and Buildings £	1997 Plant & Other £
Expiring				
Within one year	-	-	-	1,050
Within two to five years	35,575	81,543	-	45,696
After five years	38,400	14,570	72,050	-
	<u>73,975</u>	<u>96,113</u>	<u>72,050</u>	<u>46,746</u>

17 Pension Schemes

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £80,000 (1997 £90,000).

Defined benefit pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 July 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment returns would exceed salary increases by an average 1% per annum and that present and future pensions would increase at the rate of 3% per annum. The pension charge for the year was £110,214 (1997 £86,255).

The actuarial valuation showed that the market value of the scheme's assets at 1 July 1995 was £2,730,000 and that the actuarial value of those assets represented 99.7% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the company and employees are currently at the following percentage of earnings:

	Directors	Employees
Contribution rate of employer	16.5%	11.0%
Contribution rate of members	-	5.5%

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

18 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	196,857	491,176
Depreciation charges	101,492	104,676
Loss/(profit) on sale of fixed assets	14,030	(19,714)
Decrease/(increase) in stocks	64,600	(253,459)
Decrease/(increase) in debtors	385,391	(243,148)
(Decrease)/increase in creditors	(531,452)	261,916
Net cash inflow		
from operating activities	<u>230,918</u>	<u>341,447</u>

F J BESWICK (NORTHAMPTON) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 1998

19 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	57,712	43,475	-	101,187
Bank overdrafts	(582,836)	(111,880)	-	(694,716)
		(68,405)		
Debt due within 1 year	(48,214)	48,214	(25,000)	(25,000)
Debt due after 1 year	(198,479)	4,729	25,000	(168,750)
Finance leases	(2,287)	284	-	(2,003)
		53,227		
Total	(774,104)	(15,178)	-	(789,282)

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
Decrease in cash in the year	(68,405)	(230,160)
Cash outflow from decrease in debt and lease financing	53,227	73,903
Change in net debt resulting from cash flows	(15,178)	(156,257)
New finance leases	-	(2,484)
Movement in net debt in the year	(15,178)	(158,741)
Net debt at 1 May 1997	(774,104)	(615,363)
Net debt at 30 April 1998	(789,282)	(774,104)

20 Related party transactions

The directors are also directors of F J Beswick (Paper) Limited and F J Beswick (Cotswolds) Limited. The company traded with these companies during the year on an arms-length commercial basis. Sales to these company's amounted to £762,812 for the year (1997 - £883,908) and purchases from these company's amounted to £352,457 for the year (1997 - £450,954).

At the Balance Sheet date, the company was owed £13,996 by F J Beswick (Cotswolds) Limited and owed F J Beswick (Paper) Limited £313,335.

HELLO BOYS LTD

Abbreviated Balance Sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 31 March 1998**

In approving these abbreviated accounts as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 March 1998 and

(c) that we acknowledge our responsibilities for:

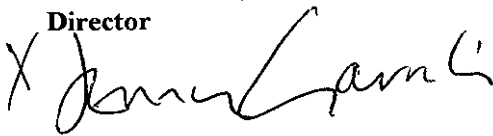
(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements 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 its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts approved by the Board on 21 December 1998 and signed on its behalf by

Jennifer Garrity
Director

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Derek Mason
Director

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The notes on pages 3 to 3 form an integral part of these financial statements.