

MICHAEL GUY PROPERTIES LIMITED
(FORMERLY STATIONERY MANAGEMENT SERVICES LIMITED)
ANNUAL REPORT
YEAR ENDED 31 JULY 1998



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YEAR ENDED 31 JULY 1998

PANNELL KERR FORSTER
Chartered Accountants

MICHAEL GUY PROPERTIES LIMITED

COMPANY INFORMATION

Directors M C Guy

Secretary V A Guy

Company Number 1217387

Auditors Pannell Kerr Forster
Chartered Accountants
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

MICHAEL GUY PROPERTIES LIMITED

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MICHAEL GUY PROPERTIES LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JULY 1998

The directors submit their report and the financial statements for the year ended 31 July 1998.

Principal activity

The principal activity of the company during the year was that of stationery sales, property ownership and management.

Directors

The director who served during the year and his interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary £1 shares	
	1998	1997
M C Guy	100	100

Year 2000

The director has considered the potential impact and extent of year 2000 issues on the business and operations and is of the opinion that these will not have a material effect on the ability of the company to continue as a going concern.

Post balance sheet events

We refer you to note 13 for details of events since the balance sheet date.

Auditors

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

V A Guy
Secretary

VAGuy
20 April 1999

MICHAEL GUY PROPERTIES 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 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
MICHAEL GUY PROPERTIES LIMITED**

We have audited the financial statements on pages 4 to 10 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 July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nottingham
21 April 1999


PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

MICHAEL GUY PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 1998

	Notes	1998 £	1997 £
TURNOVER - Discontinued	2	392,411	276,829
Cost of sales - Discontinued		(233,338)	(159,880)
GROSS PROFIT		<u>159,073</u>	<u>116,949</u>
Administrative expenses - Discontinued		(131,434)	(100,455)
Other operating income		3,222	1,470
OPERATING PROFIT		<u>30,861</u>	<u>17,964</u>
Continuing operations		3,222	1,470
Discontinued operations		27,639	16,494
		<u>30,861</u>	<u>17,964</u>
Interest payable and similar items		(1,889)	(802)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>28,972</u>	<u>17,162</u>
TAXATION		<u>(6,139)</u>	<u>(3,454)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>22,833</u></u>	<u><u>13,708</u></u>

There were no recognised gains or losses for the year other than those included in the profit and loss account.

MICHAEL GUY PROPERTIES LIMITED
BALANCE SHEET
31 JULY 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible	5	234,807	207,492
CURRENT ASSETS			
Stocks		31,797	18,968
Debtors	6	60,622	37,003
		<u>92,419</u>	<u>55,971</u>
CREDITORS: amounts falling due within one year	7	(85,146)	(55,808)
NET CURRENT ASSETS		<u>7,273</u>	<u>163</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>242,080</u>	<u>207,655</u>
CREDITORS: amounts falling due after more than one year	8	(13,921)	(2,329)
NET ASSETS		<u>228,159</u>	<u>205,326</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Revaluation reserve		65,046	65,046
Profit and loss account	12	163,013	140,180
SHAREHOLDERS' FUNDS	13	<u>228,159</u>	<u>205,326</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 20 April 1999.

Signed on behalf of the board of directors


M C Guy Director

MICHAEL GUY PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	25 % reducing balance
Equipment, fixtures and tools	10% - 35 % reducing balance
No depreciation is charged on freehold and long leasehold property.	

(d) Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company .

(e) Finance leases and hire purchase

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present 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 in proportion to the capital balance outstanding.

(f) Stocks

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

Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

2 TURNOVER

All turnover arose within the United Kingdom.

MICHAEL GUY PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998

3 OPERATING PROFIT

The operating profit is stated after charging:

	1998	1997
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	4,797	4,452
- held under finance lease or hire purchase contracts	4,309	721
Audit fees	2,100	-
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	1998	1997
	£	£
Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Schedule 6 to the Companies Act 1985	11,800	8,650
	<u> </u>	<u> </u>

No directors (1997 - none) were members of company pension schemes.

MICHAEL GUY PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998

5 TANGIBLE FIXED ASSETS

	Land & buildings £	Plant & machinery fixtures & fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 August 1997	182,354	30,657	25,950	238,961
Additions	22,856	4,090	9,475	36,421
	<hr/> 205,210	<hr/> 34,747	<hr/> 35,425	<hr/> 275,382
Depreciation				
At 1 August 1997	-	22,574	8,895	31,469
Charge for year	-	2,473	6,633	9,106
	<hr/> -	<hr/> 25,047	<hr/> 15,528	<hr/> 40,575
Net book amount				
At 31 July 1998	205,210	9,700	19,897	234,807
At 31 July 1997	<hr/> 182,354	<hr/> 8,083	<hr/> 17,055	<hr/> 207,492

The net book amount of land and buildings includes £205,210 (1997 - £182,354) in respect of investment properties.

The net book amounts of motor vehicles above include £12,926 (1997 - £7,935) in respect of assets held under finance leases or hire purchase contracts.

Investment properties were valued by the director on an open market value on 31 July 1998.

On the historical cost basis, land and buildings would have been included as follows:

	1998 £	1997 £
Cost	<hr/> 140,189	<hr/> 117,308

6 DEBTORS

	1998 £	1997 £
Trade debtors	58,948	35,304
Other debtors	1,674	1,699
	<hr/> 60,622	<hr/> 37,003

MICHAEL GUY PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998

7 CREDITORS:

Amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	11,096	4,019
Trade creditors	57,411	31,226
Corporation tax	5,150	3,404
Other tax and social security	3,818	4,089
Net obligations under finance lease and hire purchase contracts (note 9)	5,121	3,491
Other creditors	2,550	9,579
	<u>85,146</u>	<u>55,808</u>

8 CREDITORS:

Amounts falling due after more than one year

	1998	1997
	£	£
Bank loans	10,873	-
Net obligations under finance lease and hire purchase contracts (note 9)	3,048	2,329
	<u>13,921</u>	<u>2,329</u>

Included within creditors above are loan instalments falling due as follows:

	1998	1997
	£	£
In 1 - 2 years	2,995	-
In 2 - 5 years	7,878	-
	<u></u>	<u></u>

9 FINANCE LEASES

	1998	1997
	£	£
Within one year	5,121	3,491
Between one and five years	3,048	2,329
	<u>8,169</u>	<u>5,820</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

10 PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred taxation not provided was **£14,815** (1997 - £14,077).

No provision has been made in respect of the potential liability to taxation on the grounds that there is no intention to dispose of the investment properties in the foreseeable future.

MICHAEL GUY PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998

11 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No.	£
At 1 August 1997 and 31 July 1998 Ordinary shares of £1 each	100	100	100

12 RESERVES

Profit and loss account	£
At 1 August 1997	140,180
Profit for the year	22,833
At 31 July 1998	163,013

13 SHAREHOLDERS' FUNDS

	1998 £	1997 £
Shareholders' funds at 1 August 1997	205,326	191,618
Profit for the year	22,833	13,708
Shareholders' funds at 31 July 1998	228,159	205,326

14 POST BALANCE SHEET EVENTS

On 1 August 1998 the company changed its name by way of special resolution to Michael Guy Properties Limited. As of this date, the trade of stationery sales were transferred to a new company, Stationery Management Services Limited.

15 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by M C Guy.