

RAPESCO HOLDINGS PLC  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MAY 2014

Company number: 4756851

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COMPANIES HOUSE

RAPESCO HOLDINGS PLC

STRATEGIC REPORT

For the year ended 31 May 2014

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

Rapesco Holdings Plc is an unquoted public limited company. Its balance sheet is disclosed on page 8 and the profit attributable to its shareholders is disclosed in note 17 on page 20.

The principal activities of the company is a holding company. The principal activities of the group are the manufacture, marketing and distribution of stapling machines, tackers, office perforators and industrial and light industrial professional tools.

The principle activities of the subsidiary companies are as follows:

**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 continued to develop new design led products.

During the year the group and its subsidiaries worked to increase market share in the UK and international markets. All areas of the business have contributed to the result for the year and are well placed to build on this position.

**FINANCIAL REVIEW**

The profit and loss account is set out on page 7. The key performance indicators (KPIs) for the group are:

- Turnover - £12,361,619 has been achieved for the year which represents a 9.4% increase compared to the year ended 31 May 2013.
- Profit after taxation - £662,767 has been achieved during the year which represents an increase of 56.0%.
- Shareholders' funds - have increased by 11.8% during the year and total £4,587,022 as at 31 May 2014.

The performance against KPIs is considered satisfactory.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and execution of strategy are subject to a number of risks and the group has procedures to manage this.

The key business risks affecting the group are considered to relate to the competitive nature of the market for the group's products meaning that there is a risk of customers being offered alternative products. The group seeks to manage this risk by maintaining strong relationships with its customers and offering innovative, leading edge products.

**FINANCIAL RISK MANAGEMENT**

The group uses various financial instruments including cash, equity, trade receivables and trade payables in the course of its operations.

The use of these instruments gives rise to risks associated with exchange rate risk, liquidity risk and credit risk. The directors review and agree policies to deal with each of these risks as summarised below.

RAPESCO HOLDINGS PLC

STRATEGIC REPORT

For the year ended 31 May 2014

FINANCIAL RISK MANAGEMENT (continued)

Exchange rate risk

The group is exposed to foreign exchange movements and this risk is managed by the use of various hedging products, primarily through the purchase of US Dollar forwards.

Liquidity risk

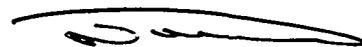
The group seeks to manage financial risk of liquidity by ensuring it has sufficient cash resources available to meet foreseeable needs at all times. The group monitors cash flow as part of its day to day control procedures.

Credit risk

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

This report was approved by the Board on 24/11/14 .

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 DIRECTORS  
For the year ended 31 May 2014

FINANCIAL STATEMENTS

The directors submit their report and group financial statements for the year ended 31 May 2014.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

DIVIDENDS

The following interim dividends have been proposed and paid in the year:

|                             | <u>Year ended</u><br><u>31 May 2014</u> | <u>Year ended</u><br><u>31 May 2013</u> |
|-----------------------------|---|---|
|                             | £                                       | £                                       |
| £0.05 - 'A' Ordinary shares | 57,696                                  | 93,756                                  |
| £0.05 - 'B' Ordinary shares | 120,000                                 | 120,000                                 |
|                             | <u>£177,696</u>                         | <u>£213,756</u>                         |

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

RAPESCO HOLDINGS PLC  
REPORT OF THE DIRECTORS  
For the year ended 31 May 2014

(continued)

FINANCIAL RISK FACTORS

The consideration of the key financial risk factors is contained in the Strategic report on page 1.

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 62 days purchases outstanding at 31 May 2014 (2013 - 72 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 group'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 LLP have indicated their willingness to continue in office. A resolution to appoint BDO LLP as auditors will be proposed at the next annual general meeting.

This report was approved by the Board on 24/05/14 .

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  
INDEPENDENT AUDITOR'S REPORT

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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 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Respective responsibilities of directors and auditors*

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

*Scope of the audit of the financial statements*

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

*Opinion on financial statements*

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

RAPESCO HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT

(continued)

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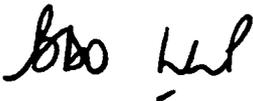
*Opinion on other matters prescribed by the Companies Act 2006*

In our opinion the information given in the strategic report, the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

*Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*John Everingham (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
United Kingdom*

Date: *24 November 2014*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RAPESCO HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2014

|  | <u>Notes</u> | <u>Year ended</u><br><u>31 May 2014</u> | £ | <u>Year ended</u><br><u>31 May 2013</u> | £ |
|--|--------------|---|---|---|---|
| TURNOVER   | 1 & 2        | 12,361,619                              |   | 11,295,706                              |   |
| Change in stocks of finished goods<br>and work in progress             |              | 481,234                                 |   | 258,550                                 |   |
| Raw materials and consumables,<br>direct costs, carriage and packaging |              | <u>7,947,880</u>                        |   | <u>7,514,727</u>                        |   |
|  |              | 8,429,114                               |   | 7,773,277                               |   |
| Operating costs  |              | <u>2,958,839</u>                        |   | <u>2,810,213</u>                        |   |
|  |              | <u>11,387,953</u>                       |   | <u>10,583,490</u>                       |   |
| Operating profit   | 3 & 20       | 973,666                                 |   | 712,216                                 |   |
| Interest payable and similar charges                                   | 4            | 155,164                                 |   | 189,880                                 |   |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>               |              | <u>818,502</u>                          |   | <u>522,336</u>                          |   |
| Tax on profit on ordinary activities                                   | 5            | <u>155,735</u>                          |   | <u>97,497</u>                           |   |
| <b>PROFIT FOR THE FINANCIAL<br/>YEAR</b>                               | 17           | <u><u>£662,767</u></u>                  |   | <u><u>£424,839</u></u>                  |   |

All results relate to continuing activities.

Notes on page 11 to 24 are an integral part of this consolidated profit and loss account.

RAPESCO HOLDINGS PLC  
CONSOLIDATED BALANCE SHEET

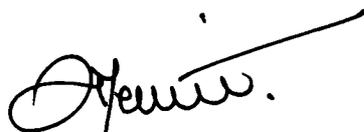
As at 31 May 2014

Company number: 4756851

|  | <u>Notes</u> | <u>31 May 2014</u> |                          | <u>31 May 2013</u> |                          |
|--|--------------|--------------------|--------------------------|--------------------|--------------------------|
|  |              | £                  | £                        | £                  | £                        |
| <b>FIXED ASSETS</b>  |              |                    |                          |                    |                          |
| Intangible fixed assets  | 7            |                    | 38,948                   |                    | 51,402                   |
| Tangible fixed assets  | 8            |                    | 739,882                  |                    | 923,107                  |
|  |              |                    | <u>778,830</u>           |                    | <u>974,509</u>           |
| <b>CURRENT ASSETS</b>  |              |                    |                          |                    |                          |
| Stocks   | 10           | 1,763,288          |                          | 2,203,891          |                          |
| Debtors  | 11           | 5,761,058          |                          | 5,301,260          |                          |
| Cash at bank and in hand                                       |              | 145,049            |                          | 199                |                          |
|  |              | <u>7,669,395</u>   |                          | <u>7,505,350</u>   |                          |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>          | 12           |                    | <u>(3,703,730)</u>       |                    | <u>(3,772,244)</u>       |
| <b>NET CURRENT ASSETS</b>                                      |              |                    | <u>3,965,665</u>         |                    | <u>3,733,106</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |              |                    | 4,744,495                |                    | 4,707,615                |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 13           |                    | (70,000)                 |                    | (480,000)                |
| <b>PROVISION FOR LIABILITIES AND CHARGES</b>                   | 14           |                    | (87,473)                 |                    | (125,664)                |
| <b>NET ASSETS</b>  |              |                    | <u><u>£4,587,022</u></u> |                    | <u><u>£4,101,951</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |              |                    |                          |                    |                          |
| Called up share capital  | 15           |                    | 249,700                  |                    | 249,700                  |
| Other reserves   | 16           |                    | 300                      |                    | 300                      |
| Profit and loss account  | 16           |                    | 4,337,022                |                    | 3,851,951                |
| <b>SHAREHOLDER'S FUNDS</b>                                     | 17           |                    | <u><u>£4,587,022</u></u> |                    | <u><u>£4,101,951</u></u> |

Approved by the board of directors and authorised for issue on

*24th Nov 2014*



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D J S JAMES  
DIRECTOR

The notes on pages 11 to 24 form an integral part of this consolidated balance sheet.

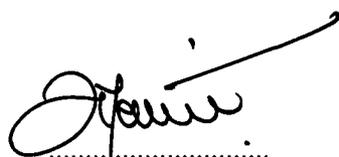
RAPESCO HOLDINGS PLC  
COMPANY BALANCE SHEET

As at 31 May 2014

|   | <u>Notes</u> | <u>31 May 2014</u> |                  | <u>31 May 2013</u> |                  |
|---|--------------|--------------------|------------------|--------------------|------------------|
|   |              | £                  | £                | £                  | £                |
| <b>FIXED ASSETS</b>                                   |              |                    |                  |                    |                  |
| Investments   | 9            |                    | 349,700          |                    | 349,700          |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b> |              |                    |                  |                    |                  |
|   | 12           | (100,000)          |                  | (100,000)          |                  |
| <b>NET CURRENT LIABILITIES</b>                        |              |                    | <u>(100,000)</u> |                    | <u>(100,000)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |              |                    | 249,700          |                    | 249,700          |
| <b>NET ASSETS</b>                                     |              |                    | <u>£249,700</u>  |                    | <u>£249,700</u>  |
| <b>CAPITAL AND RESERVES</b>                           |              |                    |                  |                    |                  |
| Called up share capital                               | 15           |                    | 249,700          |                    | 249,700          |
| <b>SHAREHOLDER'S FUNDS</b>                            | 17           |                    | <u>£249,700</u>  |                    | <u>£249,700</u>  |

Approved by the board of directors and authorised for issue on

*24th Nov 2014*



.....  
D J JAMES  
DIRECTOR

The notes on pages 11 to 24 form an integral part of this balance sheet.

RAPESCO HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2014

|   | <u>Notes</u> | <u>Year ended</u><br><u>31 May 2014</u> | £                | <u>Year ended</u><br><u>31 May 2013</u> | £                 |
|---|--------------|---|------------------|---|-------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES                             | 20           |   | 1,025,127        |   | 683,626           |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE                       |              |   |                  |   |                   |
| Interest element of finance lease rental payments                     |              | (370)                                   |                  | (3,690)                                 |                   |
| Interest paid   |              | <u>(154,794)</u>                        |                  | <u>(186,190)</u>                        |                   |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE |              |   | (155,164)        |   | (189,880)         |
| TAXATION  |              |   |                  |   |                   |
| Corporation tax paid  |              |   | (153,072)        |   | (152,284)         |
| CAPITAL EXPENDITURE   |              |   |                  |   |                   |
| Payments to acquire tangible fixed assets                             |              | (28,751)                                |                  | (149,107)                               |                   |
| Receipts from sale of tangible fixed assets                           |              | <u>5,000</u>                            |                  | <u>12,100</u>                           |                   |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES                            |              |   | <u>(23,751)</u>  |   | <u>(137,007)</u>  |
| NET CASH INFLOW BEFORE FINANCING                                      |              |   | 693,140          |   | 204,455           |
| EQUITY DIVIDENDS PAID   |              |   | (177,696)        |   | (213,756)         |
| FINANCING   |              |   |                  |   |                   |
| New loans   |              | -                                       |                  | 18,577                                  |                   |
| Repayment of loans  |              | (548,042)                               |                  | (120,000)                               |                   |
| Capital element of finance lease rental payments                      |              | <u>(20,510)</u>                         |                  | <u>(55,600)</u>                         |                   |
| NET CASH OUTFLOW FROM FINANCING                                       |              |   | <u>(568,552)</u> |   | <u>(157,023)</u>  |
| DECREASE IN CASH IN YEAR  | 21 & 22      |   | <u>£(53,108)</u> |   | <u>£(166,324)</u> |

The notes on pages 11 to 24 form an integral part of this consolidated cash flow statement.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

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. The following accounting policies have been consistently applied.

(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%<br>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 2014. The results of Rapesco Office Products Plc, Tacwise Group Plc and their subsidiaries 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 2014

(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 making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

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. In the case of final dividends, this is when approved by the shareholders in the annual general meeting.

(k) Pension

The group 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.

(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.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

1. ACCOUNTING POLICIES (continued)

(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. OPERATING PROFIT

This is stated after charging:

|  | <u>Year ended</u><br><u>31 May 2014</u><br>£ | <u>Year ended</u><br><u>31 May 2013</u><br>£ |
|--|--|--|
| Directors' emoluments (Note 19)                | 218,871                                      | 133,827                                      |
| Amortisation of intangible fixed assets        | 12,454                                       | 12,448                                       |
| Depreciation of owned assets                   | 203,082                                      | 177,801                                      |
| Depreciation of leased assets                  | 1,237  | 27,083                                       |
| Hire of plant and machinery - operating leases | 22,864                                       | 23,524                                       |
| Other operating leases - land and buildings    | 181,000                                      | 181,000                                      |
| Auditors' remuneration for audit services      | 19,490                                       | 19,000                                       |
| Loss on disposal of fixed assets               | 2,657  | 4,815  |
| Exchange loss                                  | 38,928                                       | 31,519                                       |
|  | <u>                    </u>                  | <u>                    </u>                  |

4. INTEREST PAYABLE AND SIMILAR CHARGES

|   | <u>31 May 2014</u><br>£     | <u>Group</u> | <u>31 May 2013</u><br>£     |
|---|-----------------------------|--------------|-----------------------------|
| Interest payable on bank overdraft/loans wholly repayable within five years | 70,648                      |              | 84,573                      |
| Interest payable on finance leases  | 370                         |              | 3,690                       |
| Interest payable on other loans   | 2,448                       |              | 2,674                       |
| Other interest payable  | 81,698                      |              | 98,943                      |
|   | <u>                    </u> |              | <u>                    </u> |
|   | £155,164                    |              | £189,880                    |

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

5. TAXATION

|   | <u>Year ended</u><br><u>31 May 2014</u><br>£ | <u>Year ended</u><br><u>31 May 2013</u><br>£ |
|---|--|--|
| UK Corporation tax  | 193,926                                      | 102,048                                      |
| Total current tax   | 193,926                                      | 102,048                                      |
| Deferred tax – origination and reversal of timing differences | (38,191)                                     | (4,551)                                      |
|   | <u>£155,735</u>                              | <u>£97,497</u>                               |

The tax assessed for the period is higher (2013 – lower than) than the standard rate of corporation tax in the UK. The differences are explained below.

|   |                 |                 |
|---|-----------------|-----------------|
| Profit on ordinary activities before tax  | <u>£818,502</u> | <u>£522,336</u> |
| Multiplied by the standard rate of corporation tax<br>in the UK of 22.67% (2013 – 23.83%) | 185,554         | 124,473         |
| Effects of:   |                 |                 |
| Expenses not deductible for tax purposes  | 2,875           | 1,474           |
| Tax relief on finance lease payments  | (1,668)         | (3,978)         |
| Depreciation for period in excess of capital allowances                                   | 27,619          | 4,432           |
| Group relief received   | (20,454)        | (24,353)        |
| Current tax charge for year   | <u>£193,926</u> | <u>£102,048</u> |

6. DIVIDENDS PAID

|   | <u>Year ended</u><br><u>31 May 2014</u><br>£ | <u>Year ended</u><br><u>31 May 2013</u><br>£ |
|---|--|--|
| Interim paid:                                   |  |  |
| £28,848 (2013 - £46,878) per 'A' Ordinary share | 57,696                                       | 93,756                                       |
| £60,000 (2013 - £60,000) per 'B' Ordinary share | 120,000                                      | 120,000                                      |
|   | <u>£177,696</u>                              | <u>£213,756</u>                              |

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

7. INTANGIBLE FIXED ASSETS

|                     | <u>Patents</u> | <u>Total</u>   |
|---------------------|----------------|----------------|
|                     | £              | £              |
| COST                |                |                |
| At 1 June 2013      | 124,484        | 124,484        |
| Additions           | -              | -              |
| At 31 May 2014      | <u>124,484</u> | <u>124,484</u> |
| AMORTISATION        |                |                |
| At 1 June 2013      | 73,082         | 73,082         |
| Charge for the year | 12,454         | 12,454         |
| At 31 May 2014      | <u>85,536</u>  | <u>85,536</u>  |
| NET BOOK VALUE      |                |                |
| At 31 May 2014      | <u>£38,948</u> | <u>£38,948</u> |
| At 31 May 2013      | <u>£51,402</u> | <u>£51,402</u> |

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

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8. TANGIBLE FIXED ASSETS

|                       | Leasehold<br>property | Fixtures, fittings<br>& office<br>equipment | Plant,<br>machinery<br>& vehicles | Total     |
|-----------------------|-----------------------|---|-----------------------------------|-----------|
|                       | £                     | £   | £                                 | £         |
| <b>COST</b>           |                       |   |                                   |           |
| At 1 June 2013        | 155,278               | 199,127                                     | 1,858,923                         | 2,213,328 |
| Additions             | -                     | 16,000                                      | 12,751                            | 28,751    |
| Disposals             | -                     | -   | (26,511)                          | (26,511)  |
| At 31 May 2014        | 155,278               | 215,127                                     | 1,845,163                         | 2,215,568 |
| <b>DEPRECIATION</b>   |                       |   |                                   |           |
| At 1 June 2013        | 148,719               | 171,985                                     | 969,517                           | 1,290,221 |
| Charge for the year   | 6,559                 | 9,675                                       | 188,085                           | 204,319   |
| Disposals             | -                     | -   | (18,854)                          | (18,854)  |
| At 31 May 2014        | 155,278               | 181,660                                     | 1,138,748                         | 1,475,686 |
| <b>NET BOOK VALUE</b> |                       |   |                                   |           |
| Owned assets          | -                     | 33,467                                      | 699,922                           | 733,389   |
| Leased assets         | -                     | -   | 6,493                             | 6,493     |
| At 31 May 2014        | £-                    | £33,467                                     | £706,415                          | £739,882  |
| Owned assets          | -                     | 27,142                                      | 842,976                           | 870,118   |
| Leased assets         | 6,559                 | -   | 46,430                            | 52,989    |
| At 31 May 2013        | £6,559                | £27,142                                     | £889,406                          | £923,107  |

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

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

9. FIXED ASSET INVESTMENTS

Cost and net book value:

At 1 June 2013 and 31 May 2014

£

£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 Office Products Plc and Tacwise Group Plc.

10. STOCKS

|                | <u>31 May 2014</u> | <u>Group</u> | <u>31 May 2013</u> |
|----------------|--------------------|--------------|--------------------|
|                | £                  |              | £                  |
| Spare parts    | 28,321             |              | 17,202             |
| Finished goods | 1,734,967          |              | 2,186,689          |
|                | <u>£1,763,288</u>  |              | <u>£2,203,891</u>  |

11. DEBTORS

|                                | <u>31 May 2014</u> | <u>Group</u> | <u>31 May 2013</u> |
|--------------------------------|--------------------|--------------|--------------------|
|                                | £                  |              | £                  |
| Trade debtors                  | 2,831,128          |              | 2,464,005          |
| Other debtors                  | 32,844             |              | 15,280             |
| Amount due from parent company | 2,640,188          |              | 2,530,330          |
| Prepayments and accrued income | 256,898            |              | 291,645            |
|                                | <u>£5,761,058</u>  |              | <u>£5,301,260</u>  |

All amounts fall due for payment within one year.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | <u>31 May 2014</u> | <u>Group</u> | <u>31 May 2013</u> |
|------------------------------------|--------------------|--------------|--------------------|
|                                    | £                  |              | £                  |
| Bank loan and overdraft (secured)  | 1,524,432          |              | 1,446,474          |
| Trade creditors                    | 1,347,198          |              | 1,473,039          |
| Other taxation and social security | 230,117            |              | 232,016            |
| Accruals and deferred income       | 458,167            |              | 479,201            |
| Corporation tax payable            | 142,902            |              | 102,048            |
| Lease payments due                 | 379                |              | 20,889             |
| Other loans (note 26)              | 535                |              | 18,577             |
|                                    | <u>£3,703,730</u>  |              | <u>£3,772,244</u>  |

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

Company creditors of £100,000 (31 May 2013 - £100,000) are represented by amounts owed to group undertakings.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|  | <u>31 May 2014</u> | <u>Group</u> | <u>31 May 2013</u> |
|--|--------------------|--------------|--------------------|
|  | £                  |              | £                  |
| Bank loan (secured) repayable by instalments     | -                  |              | 410,000            |
| Loan (unsecured) repayment due after 31 May 2015 | 70,000             |              | 70,000             |
|  | <u>£70,000</u>     |              | <u>£480,000</u>    |

|   | <u>Group</u>       |                | <u>31 May 2013</u> |                |
|---|--------------------|----------------|--------------------|----------------|
|   | <u>31 May 2014</u> |                | <u>31 May 2013</u> |                |
|   | <u>Bank</u>        | <u>Finance</u> | <u>Bank</u>        | <u>Finance</u> |
|   | <u>loan</u>        | <u>leases</u>  | <u>loan</u>        | <u>leases</u>  |
|   | £                  | £              | £                  | £              |
| In less than one year                               | -                  | 379            | 120,000            | 20,889         |
| In more than one year but not more than two years   | -                  | -              | 120,000            | -              |
| In more than two years but not more than five years | -                  | -              | 290,000            | -              |
|   | <u>£-</u>          | <u>£379</u>    | <u>£530,000</u>    | <u>£20,889</u> |

The terms of repayment are:-

Bank loan (secured) - £10,000 per month with interest at base plus 2.75%.

Loan (unsecured) - No repayments with interest at base plus 3%.

The bank loan was repaid in full in August 2013 following a refinancing.

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

14. PROVISION FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are as follows:

|                            | <u>Group</u><br>£ |
|----------------------------|-------------------|
| At 1 June 2013             | 125,664           |
| Decrease during the year – | <u>(38,191)</u>   |
| At 31 May 2014             | <u>£87,473</u>    |

The above has resulted in a credit to the profit and loss account in the year of £38,191 (31 May 2013 credit of £4,551).

All of the deferred taxation results from accelerated capital allowances

15. CALLED UP SHARE CAPITAL

|                                     | <u>31 May 2014</u><br>£ | <u>31 May 2013</u><br>£ |
|-------------------------------------|-------------------------|-------------------------|
| 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 2014

(continued)

16. RESERVES

|                               | <u>Group</u>          |                        |
|-------------------------------|-----------------------|------------------------|
|                               | <u>Other reserves</u> | <u>Profit and loss</u> |
|                               | £                     | £                      |
| At 1 June 2013                | 300                   | 3,851,951              |
| Profit for the financial year | -                     | 662,767                |
| Dividends paid                | -                     | (177,696)              |
| At 31 May 2014                | <u>£300</u>           | <u>£4,337,022</u>      |

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

|                               | <u>Group</u>       |                    | <u>Company</u>     |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | <u>31 May 2014</u> | <u>31 May 2013</u> | <u>31 May 2014</u> | <u>31 May 2013</u> |
|                               | £                  | £                  | £                  | £                  |
| At 1 June                     | 4,101,951          | 3,890,868          | 249,700            | 249,700            |
| Profit for the financial year | 662,767            | 424,839            | 177,696            | 213,756            |
| Dividend paid                 | (177,696)          | (213,756)          | (177,696)          | (213,756)          |
| At 31 May                     | <u>£4,587,022</u>  | <u>£4,101,951</u>  | <u>£249,700</u>    | <u>£249,700</u>    |

18. PARTICULARS OF EMPLOYEES

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

|                              | <u>Year ended</u><br><u>31 May 2014</u> | <u>Year ended</u><br><u>31 May 2013</u> |
|------------------------------|---|---|
| Category:                    |   |   |
| Administration               | 7                                       | 7                                       |
| Warehousing and distribution | 7                                       | 7                                       |
| Selling                      | 23                                      | 26                                      |
| Direct manufacturing         | 3                                       | 4                                       |
|                              | <u>40</u>                               | <u>44</u>                               |

Their total remuneration was:-

|                       | £                 | £                 |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 1,293,004         | 1,251,503         |
| Social security costs | 134,381           | 128,121           |
| Other pension costs   | 90,569            | 62,024            |
|                       | <u>£1,517,954</u> | <u>£1,441,648</u> |

All group employees are employed by Tacwise Group Plc and therefore the company remuneration is £nil (31 May 2013 - £nil).

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

19. DIRECTORS' EMOLUMENTS

|   | <u>Year ended</u><br><u>31 May 2014</u> | <u>Year ended</u><br><u>31 May 2013</u> |
|---|---|---|
|   | £                                       | £                                       |
| Directors' remuneration for executive services<br>(excluding pension contributions) | <u>£218,971</u>                         | <u>£133,827</u>                         |
| Emoluments of the highest paid director<br>(excluding pension contributions)        | <u>£95,505</u>                          | <u>£64,500</u>                          |

The number of directors who were members of a money purchase pension scheme was 3 (31 May 2013 - 3). Payment of employer's contributions to the scheme in the period was £17,600 (31 May 2013 - £17,600). The employer's contributions in respect of the highest paid director were £8,800 (31 May 2013 - £8,800).

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|   | <u>Year ended</u><br><u>31 May 2014</u> | <u>Year ended</u><br><u>31 May 2013</u> |
|---|---|---|
|   | £                                       | £                                       |
| Operating profit                          | 973,666                                 | 712,216                                 |
| Depreciation and amortisation             | 216,773                                 | 217,332                                 |
| Decrease in stocks                        | 440,603                                 | 258,550                                 |
| Increase in debtors                       | (459,798)                               | (262,813)                               |
| Decrease in creditors                     | (148,774)                               | (246,474)                               |
| Loss on disposal of fixed assets          | 2,657                                   | 4,815                                   |
| Net cash inflow from operating activities | <u>£1,025,127</u>                       | <u>£683,626</u>                         |

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

|   |                    |                 |
|---|--------------------|-----------------|
| Decrease in cash for the year                         | £ (53,108)         | £               |
| Cash inflow from decrease in loan and lease financing | 568,552            |                 |
| Change in net debt resulting from cashflow            | <u>515,444</u>     |                 |
| New finance leases                                    | -                  |                 |
|   |                    | <u>£515,444</u> |
| Net debt at 31 May 2013                               | (1,965,741)        |                 |
| Net debt at 31 May 2014                               | <u>(1,450,297)</u> |                 |
| Movement in net debt in the period                    |                    | <u>£515,444</u> |

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

31 May 2014

(continued)

22. ANALYSIS OF CHANGE IN NET DEBT

|                                  | <u>31 May 2013</u>  | <u>Cash flow</u> | <u>Other non-</u> | <u>31 May 2014</u>  |
|----------------------------------|---------------------|------------------|-------------------|---------------------|
|                                  | £                   | £                | cash changes      | £                   |
|                                  |                     |                  | £                 |                     |
| Cash at bank and in hand         | 199                 | 144,850          | -                 | 145,049             |
| Overdraft                        | (1,326,474)         | (197,958)        | -                 | (1,524,432)         |
| Debt due within 1 year           | (138,577)           | 138,042          | -                 | (535)               |
| Debt due after 1 year            | (480,000)           | 410,000          | -                 | (70,000)            |
| Obligations under finance leases | (20,889)            | 20,510           | -                 | (379)               |
| <b>Total</b>                     | <u>£(1,965,741)</u> | <u>£515,444</u>  | <u>£-</u>         | <u>£(1,450,297)</u> |

23. 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 2014 was £1,524,432 (31 May 2013 - £1,856,474).
- (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 2014 was £187,961 (31 May 2013 - £198,296).
- (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 £90,569 (2013 - £62,024).
- (d) The group had committed £463,719 in respect of forward foreign exchange contracts at 31 May 2014 (2013 - £400,000) on which a loss of £1,276 would have been made at 31 May 2014 (2013 - gain of £7,381).

24. FINANCIAL COMMITMENTS

|                            | <u>Finance leases</u> |                    |
|----------------------------|-----------------------|--------------------|
|                            | <u>Year ended</u>     | <u>Year ended</u>  |
|                            | <u>31 May 2014</u>    | <u>31 May 2013</u> |
|                            | £                     | £                  |
| Due/expires:               |                       |                    |
| Within one year            | 379                   | 20,889             |
| Between two and five years | -                     | -                  |
|                            | <u>£379</u>           | <u>£20,889</u>     |

RAPESCO HOLDINGS PLC

NOTES TO THE ACCOUNTS

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(continued)

24. 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 2014</u>               |                                 | <u>31 May 2013</u>               |                                 |
|   | <u>Plant &amp;<br/>equipment</u> | <u>Land &amp;<br/>buildings</u> | <u>Plant &amp;<br/>equipment</u> | <u>Land &amp;<br/>buildings</u> |
|   | £                                | £                               | £                                | £                               |
| Annual rents on operating leases<br>expiring: |                                  |                                 |                                  |                                 |
| Within one year                               | -                                | -                               | -                                | 181,000                         |
| Between two and five years                    | <u>7,930</u>                     | <u>-</u>                        | <u>1,819</u>                     | <u>-</u>                        |
|   | <u>£7,930</u>                    | <u>£-</u>                       | <u>£1,819</u>                    | <u>£181,000</u>                 |

25. COMPANY PROFIT AND LOSS ACCOUNT

No profit and loss account has been prepared for Rapesco Holdings Plc as permitted by Section 408 of the Companies Act 2006. The company's profit after taxation for the year ended 31 May 2014 was £177,696 (year ended 31 May 2013 – profit of £213,756).

26. RELATED PARTY TRANSACTIONS

At 31 May 2014 and 31 May 2013, the group owed £70,000 to the pension fund of which certain of the directors are beneficiaries, under an unsecured loan. Interest of £2,448 (2013 - £2,450) was charged on this loan during the period.

An interest free loan has been made to the group by Mr D J S James. At 31 May 2014 the balance of this loan was £535 (balance at 31 May 2013 - £18,577).

On 6 June 2011, Rapesco Office Products Plc contracted to licence the use of a trade mark owned by D.J.S James. The royalty paid during the year ended 31 May 2014 was £180,000 (year ended 31 May 2013 - £180,000).

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 100% 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.

27. 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.

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NOTES TO THE ACCOUNTS

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28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is D.J.S. James.