Payne Bros UK Ltd

Directors' Report and Financial Statements

for the year ended 31 December 2000

Registration Number 608721



Payne Bros UK Ltd

Company Information

Directors	David William Payne Doreen Ann Payne David Stuart Lee Payne Hugh Peter Irvine
Secretary	Mrs Doreen Ann Payne
Company Number	608721
Registered Office	Century House 69 - 71 Oldchurch Road Romford Essex RM7 0BB
Auditors	R J Lewin & Co Old Bell Chambers Bank Street Chepstow Monmouthshire NP16 5EJ
Business Address	Century House 69 - 71 Oldchurch Rd Romford Essex RM7 0BB
Bankers	H S B C Bank plc Ilford Branch 126 High Road Ilford Essex IG1 1DA

Payne Bros UK Ltd

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Payne Bros UK Ltd

Directors' Report
for the year ended 31 December 2000

The directors present their report and the financial statements for the year ended 31 December 2000.

Principal Activity and Review of the Business

The principal activity of the company is the wholesaling of glassware, catering accessories and cleaning products.

The directors are pleased to report that the benefits arising from the reconstruction and consolidation of the UK activities into one business have resulted in improved trading results.

Results And Dividends

The results for the year are set out on page 3.

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2000	**1999**
David William Payne	-	-
Doreen Ann Payne	-	-
David Stuart Lee Payne	-	-
Hugh Peter Irvine	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that R J Lewin & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 10/10/01 and signed on its behalf by

D A Payne

Mrs Doreen Ann Payne
Secretary

Auditors' Report to the Shareholders of Payne Bros UK Ltd

We have audited the financial statements on pages 3 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors
As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

10TH OCTOBER 2001

R J Lewin & Co

Accountants & Registered Auditors

Old Bell Chambers
Bank Street
Chepstow
Monmouthshire
NP16 5EJ

Profit and Loss Account
for the year ended 31 December 2000

	Notes	Continuing operations 2000 £	1999 £
Turnover	2	6,631,214	5,248,456
Cost of sales		(4,681,368)	(3,913,695)
Gross profit		1,949,846	1,334,761
Administrative expenses		(1,804,460)	(1,395,479)
Other operating income		32,078	29,438
Operating profit/(loss)	3	177,464	(31,280)
Interest receivable and similar income	4	2,779	2,693
Interest payable and similar charges	5	(4,307)	(13,881)
Profit/(loss) on ordinary activities before taxation		175,936	(42,468)
Tax on profit/(loss) on ordinary activities	8	(34,503)	-
Retained profit/(loss) for the year		141,433	(42,468)
Retained profit brought forward		523,920	566,390
Retained profit carried forward		665,353	523,922

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 13 form an integral part of these financial statements.

Payne Bros UK Ltd

Balance Sheet
as at 31 December 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Intangible assets	9		25,440		29,680
Tangible assets	10		298,796		313,260
Investments	11		547,597		547,597
			871,833		890,537
Current Assets					
Stocks	12	1,027,876		923,458	
Debtors	13	1,209,238		1,389,861	
Cash at bank and in hand		73,972		17,525	
		2,311,086		2,330,844	
Creditors: amounts falling due within one year	14	(1,779,071)		(1,944,540)	
Net Current Assets			532,015		386,304
Total Assets Less Current Liabilities			1,403,848		1,276,841
Creditors: amounts falling due after more than one year	15		(738,289)		(752,713)
Net Assets			665,559		524,128
Capital and Reserves					
Called up share capital	16		206		206
Profit and loss account			665,353		523,922
Equity Shareholders' Funds	17		665,559		524,128

The financial statements were approved by the Board on 10/10/01 and signed on its behalf by

David William Payne
Director



The notes on pages 6 to 13 form an integral part of these financial statements.

Cash Flow Statement
for the year ended 31 December 2000

	Notes	2000 £	1999 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss)		177,464	(31,280)
Depreciation		80,494	53,381
(Increase) in stocks		(104,418)	(112,290)
Decrease in debtors		180,623	325,896
Increase in creditors		11,387	(76,115)
Net cash inflow from operating activities		345,550	159,592
CASH FLOW STATEMENT			
Net cash inflow from operating activities		345,550	159,592
Returns on investments and servicing of finance	**20**	(1,528)	(11,188)
Taxation	**20**	(38,294)	(40,824)
Capital expenditure and financial investment	**20**	(41,990)	(1,308)
		263,738	106,272
Financing	**20**	(27,624)	(25,467)
Increase in cash in the year		236,114	80,805
Reconciliation of net cash flow to movement in net funds (Note 21)			
Increase in cash in the year		236,114	80,805
Cash outflow from increase in debts and lease financing		27,624	25,573
Change in net funds resulting from cash flows		263,738	106,378
New finance leases and hire purchase contracts		(19,800)	-
Movement in net funds in the year		243,938	106,378
Net debt at 1 January 2000		(915,937)	(1,022,317)
Net debt at 31 December 2000		(671,999)	(915,939)

Notes to the Financial Statements for the year ended 31 December 2000

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales and shipthrough reclaims made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	straight line over 50 years
Office equipment	-	between 15% and 25% reducing balance
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. Rentals paid under operating leases are charged to income as incurred.

1.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year. This is in accordance with the rules of the scheme.

1.9. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

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2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

	2000	1999
	£	£
Analysis		
Sales	6,205,024	4,994,209
Shipthroughs	426,190	254,247
	6,631,214	5,248,456

3. Operating profit/(loss)

	2000	1999
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off intangible assets	4,240	3,180
Depreciation and other amounts written off tangible assets	68,635	50,201
Loss on disposal of tangible fixed assets	7,619	-
Auditors' remuneration	3,995	3,995

4. *Interest receivable and similar income*

	2000	1999
	£	£
Bank interest	2,779	2,693

5. Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	3	10,125
Hire purchase interest	4,304	3,756
	4,307	13,881

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6. Employees

Number of employees

	2000	1999
The average monthly numbers of employees (*including the directors*) *during the year were:*	56	56

Employment costs	2000 £	1999 £
Wages, salaries and social security costs	1,020,091	762,620
Other pension costs	6,366	9,326
	1,026,457	771,946

6.1. Directors' emoluments

	2000 £	1999 £
Remuneration and other emoluments	99,357	73,622
Pension contributions	3,742	2,574
	103,099	76,196

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1

7. Pension costs

The company operates defined contribution pension schemes in respect of one of the directors and staff. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £6,366 (1999 - £9,326).

8. Taxation

	2000 £	1999 £
UK current year taxation		
UK Corporation Tax at 20% (1999 - 20%)	34,503	-

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9. Intangible fixed assets

	Goodwill	Total
	£	£
At 1 January 2000		
At 31 December 2000	42,400	42,400
Provision for diminution in value		
At 1 January 2000	12,720	12,720
Charge for year	4,240	4,240
At 31 December 2000	16,960	16,960
Net book values		
At 31 December 2000	25,440	25,440
At 31 December 1999	29,680	29,680

10. Tangible fixed assets

	Long leasehold property	Fixtures & fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2000	61,875	241,453	138,913	516,563	958,804
Additions	-	15,407	1,424	48,259	65,090
Disposals	-	-	-	(65,078)	(65,078)
At 31 December 2000	61,875	256,860	140,337	499,744	958,816
Depreciation					
At 1 January 2000	6,186	186,897	95,715	356,747	645,545
On disposals	-	-	-	(54,159)	(54,159)
Charge for the year	1,238	10,494	7,613	49,289	68,634
At 31 December 2000	7,424	197,391	103,328	351,877	660,020
Net book values					
At 31 December 2000	54,451	59,469	37,009	147,867	298,796
At 31 December 1999	55,689	54,556	43,198	159,816	313,259

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Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2000 Net book value £	2000 Depreciation charge £	1999 Net book value £	1999 Depreciation charge £
Motor vehicles	35,230	28,420	52,144	50,341

11. Fixed Asset Investments

	Other Unlisted Investments	Total
	£	£
Cost		
At 1 January 2000		
At 31 December 2000	547,597	547,597
Net book values		
At 31 December 2000	547,597	547,597
At 31 December 1999	547,597	547,597

Investments relate to the original cost of two businesses merged in 1988 to form one company, GeesBarstox Ltd, now a subsidiary. It is intended to write off the cost of the investment during 2001, contemporaneously with a transfer of reserves by dividends from subsidiaries owned by the company.The value of these reserves are £725,089.

12. Stocks

	2000 £	1999 £
Goods for resale	1,027,876	923,458

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13. Debtors

	2000 £	1999 £
Trade debtors	1,160,555	1,352,610
Other debtors	6,440	6,440
Prepayments and accrued income	42,243	30,811
	1,209,238	1,389,861

14. Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	4	179,669
Net obligations under finance leases and hire purchase contracts	7,680	1,080
Trade creditors	1,383,697	1,369,256
Amounts owed to connected companies	995	995
Corporation tax	1,503	5,294
Other taxes and social security costs	107,734	117,705
Directors' accounts	247,614	244,445
Other creditors	4,598	1,540
Accruals and deferred income	25,246	24,556
	1,779,071	1,944,540

15. Creditors: amounts falling due after more than one year

	2000 £	1999 £
Amounts due to group companies	725,089	725,089
Net obligations under finance leases and hire purchase contracts	13,200	27,624
	738,289	752,713

Investments relate to the original cost of two businesses merged in 1988 to form one company, GeesBarstox Ltd, now a subsidiary. It is intended to write off the cost of the investment during 2001, contemporaneously with a transfer of reserves by dividends from subsidiaries owned by the company.The value of these reserves are £725,089.

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16. Share capital

	2000 £	1999 £
Authorised equity		
206 Ordinary shares of £1 each	206	206
Allotted, called up and fully paid equity		
206 Ordinary shares of £1 each	206	206

17. *Reconciliation of movements in shareholders' funds*

	2000 £	1999 £
Profit/(loss) for the year	141,433	(42,468)
Net proceeds of equity share issue	-	106
Net addition to shareholders' funds	141,433	(42,362)
Opening shareholders' funds	524,126	566,490
	665,559	524,128

18. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount Owing 2000 £	Amount Owing 1999 £	Maximum in year £
Hugh Peter Irvine	5,616	5,616	5,616

19. Ultimate parent undertaking

The ultimate parent company is Payne Bros Holdings (UK) Ltd which holds a 62% shareholding.

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20. Gross Cash Flows

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	2,779	2,693
Interest paid	(4,307)	(13,881)
	(1,528)	(11,188)
Taxation		
Corporation tax paid	(38,294)	(40,824)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(45,290)	(1,202)
Payments to acquire investments	-	(106)
Receipts from sales of tangible assets	3,300	-
	(41,990)	(1,308)
Financing		
Issue of ordinary share capital	-	106
Capital element of finance leases and hire purchase contracts	(27,624)	(25,573)
	(27,624)	(25,467)

21. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	17,525	56,447		73,972
Overdrafts	(179,669)	179,665		(4)
	(162,144)	236,112		73,968
Debt due after one year	(725,089)	-	-	(725,089)
Finance leases and hire purchase contracts	(28,704)	27,624	(19,800)	(20,880)
	(753,793)	27,624	(19,800)	(745,969)
Net funds	(915,937)	263,736	(19,800)	(672,001)