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Directa (UK) Limited

Report and Financial Statements

Year Ended
30 April 1995



BDO

BDO Stoy Hayward
Chartered Accountants

DIRECTA (UK) LIMITED

Annual report and financial statements for the year ended 30 April 1995

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Directors

L D Dennison
M D Coburn
T Neale
M V Storey

Secretary and registered office

Mrs J M Poston, Cold Norton, Essex, CM3 6UA.

Company number

1008317 (England and Wales)

Bankers

National Westminster Bank Plc, 6 High Street, Chelmsford, Essex, CM1 1BL.

Auditors

BDO Stoy Hayward, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW.

DIRECTA (UK) LIMITED

Report of the directors for the year ended 30 April 1995

The directors present their report together with the audited financial statements for the year ended 30 April 1995.

Results and dividends

The profit and loss account is set out on page 3 and shows the profit for the year.

The directors recommend a final ordinary dividend amounting to £60,000 be paid (1994 - £30,000) which leaves a retained profit for the year of £96,715 (1994 - £31,016).

Principal activities, trading review and future developments

Throughout the year the activities of the company continued to be that of manufacturers, distributors, importers and exporters, and wholesalers of adhesive tapes, abrasives, signs and industrial consumables.

Following the effect on sales, over a full year, of our revised catalogue, it is gratifying to report the increase of almost 13%.

Cost control, along with the development of our integrated computer system has also enabled us to improve our net profitability substantially.

This years success is once again the result of continued team effort, which has been rewarded by a tangible increase from our profit sharing scheme.

Our current level of activity suggests further improvement should result next year.

Significant changes in fixed assets

Movements in fixed assets during the year are set out on pages 9 and 10. The directors are of the opinion that the market value of the company's freehold properties are in excess of their net book values.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary £1 shares	
	30 April 1995	30 April 1994
L D Dennison	100,000	100,000
M D Coburn	60,000	60,000
T Neale	-	-

On 1 May 1995 M V Storey was appointed as a director of the company.

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;
- 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

J M Poston
Secretary

Date 27 September 1995

DIRECTA (UK) LIMITED

Profit and loss account for the year ended 30 April 1995

	Note	1995 £	1994 £
Turnover	1	3,950,209	3,500,977
Cost of sales		1,898,849	1,754,143
Gross profit		2,051,360	1,746,834
Distribution costs		822,565	855,050
Administrative expenses		822,373	658,944
Establishment expenses		213,474	181,453
		1,858,412	1,695,447
		192,948	51,387
Other operating income		29,727	27,056
Operating profit		222,675	78,443
Income from interest in subsidiary undertaking		6,250	6,250
Interest receivable		2,000	2,319
Interest payable	2	(1,125)	(746)
Profit on ordinary activities before taxation	3	229,800	86,266
Taxation on profit from ordinary activities	5	75,335	25,250
Profit for the financial year		154,465	61,016
Dividends	6	60,000	30,000
Retained profit for the year		94,465	31,016
Retained profit brought forward		701,568	670,552
Retained profit carried forward		796,033	701,568

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

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

DIRECTA (UK) LIMITED

Balance sheet at 30 April 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Intangible assets	7		1,717		1,717
Tangible assets	8		759,328		752,539
Investments	9		701		701
			761,746		754,957
Current assets					
Stocks	10	388,889		353,071	
Debtors	11	891,904		764,657	
Cash at bank and in hand		98,229		26,438	
		1,379,022		1,144,166	
Creditors: amounts falling due within one year	12	1,144,735		989,805	
Net current assets			234,287		154,361
Total assets less current liabilities			996,033		909,318
Provision for liabilities and charges	13		-		7,750
			996,033		901,568
Capital and reserves					
Called up share capital - equity	14		200,000		200,000
Profit and loss account - equity			796,033		701,568
			996,033		901,568

These financial statements were approved by the board on 27 September 1995

L D Dennison
Director

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

DIRECTA (UK) LIMITED

Cash flow statement for the year ended 30 April 1995

	Note	1995		1994	
		£	£	£	£
Net cash inflow from operating activities	17		399,464		278,801
Returns on investments and servicing of finance					
Income from interest in subsidiary undertaking		6,250		6,250	
Interest received		2,000		2,319	
Interest paid		(1,125)		(746)	
Dividends paid		(60,000)		(54,000)	
Net cash outflow from returns on investments and servicing of finance			(52,875)		(46,177)
Taxation					
Corporation tax paid		(15,117)		(42,978)	
Tax paid			(15,117)		(42,978)
Investing activities					
Payments to acquire tangible fixed assets		(199,816)		(212,055)	
Receipts from sales of tangible fixed assets		92,501		12,475	
Net cash outflow from investing activities			(107,315)		(199,580)
Net cash inflow/(outflow) before financing			224,157		(9,934)
Financing					
Hire purchase repayments	20	10		-	
Net cash outflow from financing			(10)		-
Increase/(decrease) in cash and cash equivalents	19		224,147		(9,934)

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

1 Accounting policies

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidation

The company and its subsidiaries comprise a medium-sized group.

The company has therefore taken advantage of the exemption offered by Section 248 of the Companies Act 1985 from preparing consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax. This is after deducting discounts given and credit notes issued. Turnover and profit before taxation is wholly attributable to the company's principal activities which are carried out in the United Kingdom.

Depreciation and amortisation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land and buildings (see note 15), over their expected useful lives. It is calculated at the following rates:

Plant and equipment	- 10 - 33⅓%
Motor vehicles	- 10 - 33⅓%

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost has been calculated on a 'first in, first out' basis.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Foreign currencies

Foreign currency transactions are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences which arise from translation are taken to the profit and loss account. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date.

1 Accounting policies *(Continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

The company has implemented the requirements of Statement of Standard Accounting Practice 24 in respect of pension costs reporting.

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Interest payable

	1995 £	1994 £
Bank loans and overdrafts	1,125	746

3 Profit on ordinary activities before taxation

This is arrived at after charging/(crediting):

Loss/(profit) on disposal of tangible assets	6,035	(6,805)
Depreciation - owned assets	93,071	92,436
Depreciation - assets held under finance leases	1,420	2,856
Auditors' remuneration		
- audit services	9,700	7,250
- non-audit services	4,000	6,550

Directors' emoluments:

Salaries and other emoluments (including pension contributions):	274,214	254,677

3 Profit on ordinary activities before taxation *(continued)*

Emoluments (excluding pension contributions) of:	1995 £	1994 £
Chairman and highest paid director	71,220	59,866

The number of other directors whose emoluments (excluding pension contributions) fall in the following ranges was :	Number	Number
£45,001 - £50,000	-	1
£50,001 - £55,000	2	1
	2	2

4 Employees

Staff costs consist of:	£	£
Wages and salaries	826,018	713,092
Social security costs	76,667	58,824
Other pension costs	127,921	108,765
	1,030,606	880,681

The average weekly number of employees during the year was as follows:	Number	Number
Manufacture	3	3
Selling and distribution	36	33
Office and management	15	16
	54	52

5 Taxation on profit from ordinary activities

	£	£
UK corporation tax at 33% (1994 - 25%) based on profit for the year	86,000	25,000
Deferred tax	(7,750)	-
Tax credit on UK dividends received	1,250	1,250
Adjustment to previous year: Corporation tax	(4,165)	(1,000)
	75,335	25,250

6 Dividends

	1995 £	1994 £
Ordinary - paid 30p per share (1994 - 15p per share)	60,000	30,000

7 Intangible fixed assets

Patents at cost 1 May 1994 and 30 April 1995	1,717	1,717

8 Tangible assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	409,019	248,913	444,176	1,102,108
Additions	2,577	14,875	182,364	199,816
Disposals	-	-	(196,786)	(196,786)
At end of year	411,596	263,788	429,754	1,105,138
Depreciation				
At beginning of year	-	161,570	187,999	349,569
Provided for the year	-	21,741	72,750	94,491
Eliminated on disposals	-	-	(98,250)	(98,250)
At end of year	-	183,311	162,499	345,810
Net book value				
At 30 April 1995	411,596	80,477	267,255	759,328
At 30 April 1994	409,019	87,343	256,177	752,539

The net book value of the fixed assets includes £1 (1994 - £4,172) in respect of assets held under finance leases and hire purchase contracts.

9 Investments

The company owns 100% of the called up ordinary share capital of the following companies which are registered in England and Wales.

Name	Principal activities
City Directa (Retail Sales) Limited	Non-trading
Kontoor Abrasives Limited	Non-trading

The company owns 50% of the called up ordinary share capital of the following company which is registered in England and Wales.

Name	Principal activity
Akita Security Limited	Supply of security services.

The capital and reserves of the trading subsidiary, Akita Security Limited and its profit before dividend for the year were as follows:

	1995 £	1994 £
Capital and reserves	31,830	20,936
Profit for the year	20,894	56,297

10 Stocks

Finished goods and goods for resale	388,889	353,071

11 Debtors

Trade debtors	853,694	710,377
Prepayments and accrued income	38,179	53,926
Amount due from subsidiary undertaking	31	354
	891,904	764,657

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	-	152,356
Trade creditors	564,890	483,280
Amounts due to subsidiary undertakings	200	200
Other creditors	60,114	30,000
Creditors for taxation and social security	122,320	67,722
Corporation tax	86,000	18,032
Obligations under finance leases and hire purchase contracts	-	10
Accruals	311,211	238,205
	1,144,735	989,805

13 Provision for liabilities and charges

Deferred taxation

	1995		1994	
	Total potential liability/ (asset) £	Provided in accounts £	Total potential liability £	Provided in accounts £
Accelerated capital allowances	16,000	16,000	7,800	7,750
Other timing differences	(23,000)	(16,000)	-	-
	(7,000)	-	7,800	7,750

14 Called up share capital

	Authorised		Allotted, called up and fully paid	
	1995 £	1994 £	1995 £	1994 £
Ordinary shares of £1 each	1,000,000	1,000,000	200,000	200,000

15 Depreciation on freehold buildings

As stated in the accounting policies (note 1) no depreciation is provided on freehold land and buildings as the directors are of the opinion that their market value is in excess of their book value. Accordingly the provisions of the Statement of Standard Accounting Practice on Accounting for Depreciation (revised) SSAP12 have not been met.

The financial effect of the departure from SSAP12 is that the profit is overstated by an estimated £5,285 (1994 - £5,233), which is not material, and fixed assets are overstated by £55,676 (1994 - £50,391).

16 Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £127,921 (1994 - £108,765).

The contributions unpaid at the balance sheet date amounted to £Nil (1994 - £Nil).

17 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £	1994 £
Operating profit	222,675	78,443
Depreciation charges	94,491	95,291
Loss/(profit) on sale of tangible fixed assets	6,035	(6,805)
Increase in stocks	(35,818)	(29,996)
(Increase)/decrease in debtors	(127,247)	6,987
Increase in creditors	209,328	134,881
Net cash inflow from operating activities	369,464	278,801

18 Analysis of changes in cash equivalents during the year

	1995 £	1994 £
At start of year	(125,918)	(115,984)
Net cash inflow/(outflow)	224,147	(9,934)
At end of year	98,229	(125,918)

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

1995

	1995 £	1994 £	Change in year £
Cash at bank and in hand	98,229	26,438	71,791
Bank overdraft	-	(152,356)	152,356
	98,229	(125,918)	224,147

1994

	1994 £	1993 £	Change in year £
Cash at bank and in hand	26,438	21,390	5,048
Bank overdraft	(152,356)	(137,374)	(14,982)
	(125,918)	(115,984)	(9,934)

20 Analysis of changes in financing during the year

	Obligations under finance leases and hire purchase contracts £
1995	
Balance at 1 May 1994	10
Cash outflow from financing	(10)
Balance at 30 April 1995	-
1994	£
Balance at 1 May 1993	10
Cash outflow from financing	-
Balance at 30 April 1994	10

Report of the auditors

To the shareholders of Directa (UK) Limited

We have audited the financial statements on pages 3 to 13 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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 an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1995, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors
Chelmsford

Date 29th September 1995

Report on entitlement to exemption from preparing group financial statements

Report of the auditors to the directors of Directa (UK) Limited pursuant to section 248(3) of the Companies Act 1985

We have examined the financial statements of the company and each of its subsidiaries for the year ended 30 April 1995.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.

BDO Stoy Hayward

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors
Chelmsford

Date 29 September 1995