

SOS OFFICE SUPPLIES LIMITED
FINANCIAL STATEMENTS
31 MARCH 2000

Company Registration Number 1550821



HLB KIDSONS
Chartered Accountants & Registered Auditors
Douglas House
East Street
Tonbridge
Kent
TN9 1HP

SOS OFFICE SUPPLIES LIMITED

CHAIRMAN'S REPORT

YEAR ENDED 31 MARCH 2000

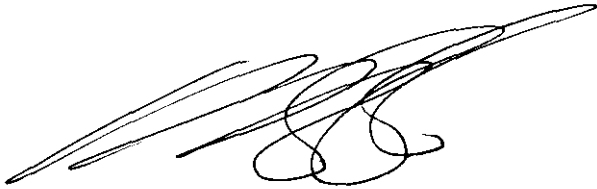
Our year is best judged by progress made in net profit compared to last year. As our turnover only increased slightly we did well to achieve 35% operating profit growth.

As predicted print and furniture were strong areas and these look like continuing throughout 2000/2001.

Electronic Office Supplies has grown well although the margins are low as expected and this area will continue to be a challenging area with potential new entrants in this market.

New representation is in place and anticipation of good results is high.

E Commerce is presenting opportunities with third party interest in our web-site ordering facilities.

A handwritten signature in black ink, appearing to be 'K Cobb', written in a cursive style.

K Cobb
Chairman

25 July 2000

SOS OFFICE SUPPLIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2000.

Principal activities

The principal activity of the company during the year continued to be that of wholesale stationers and suppliers of office equipment.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2000	At 1 April 1999
Mr K J Cobb	36,750	36,750
Mr A V Cobb	37,500	37,500
Mrs A M Cobb	750	750
Mrs L K Cobb	-	-

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

The company's auditor NSP Chartered Accountants, joined HLB Kidsons, Chartered Accountants, with effect from 1 September 1999. A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SOS OFFICE SUPPLIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2000

Small company provisions

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

Registered office:
Unit 4, Thistlebrook industrial Estate
Eynsham Drive
Abbeywood
London
SE2 9RB

Signed by order of the directors

Mr K. J. Cobb
Company Secretary

Approved by the directors on

24/7/00

SOS OFFICE SUPPLIES LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 MARCH 2000

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of the directors and the auditors

As described on page 1, 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 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 31 March 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

Douglas House
East Street
Tonbridge
Kent
TN9 1HP

HLB KIDSONS
Chartered Accountants
& Registered Auditors

31 July 2000

SOS OFFICE SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
Turnover		1,579,687	1,570,543
Cost of sales		<u>(914,237)</u>	<u>(916,642)</u>
Gross profit		665,450	653,901
Administrative expenses		<u>(610,405)</u>	<u>(612,992)</u>
Operating profit	2	55,045	40,909
Interest receivable		3,366	1,813
Interest payable and similar charges		<u>(4,959)</u>	<u>(4,924)</u>
Profit on ordinary activities before taxation		53,452	37,798
Tax on profit on ordinary activities		<u>(12,119)</u>	<u>(9,278)</u>
Profit on ordinary activities after taxation		41,333	28,520
Equity dividends paid		<u>(42,000)</u>	-
(Loss)/retained profit for the financial year		(667)	28,520
Balance brought forward		<u>98,943</u>	<u>70,423</u>
Balance carried forward		<u>98,276</u>	<u>98,943</u>

SOS OFFICE SUPPLIES LIMITED

BALANCE SHEET

31 MARCH 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	4	112,222	131,772
Investments	5	2,185	2,185
		<u>114,407</u>	<u>133,957</u>
Current assets			
Stocks		35,850	41,042
Debtors	6	245,754	234,684
Cash at bank and in hand		90,172	92,033
		<u>371,776</u>	<u>367,759</u>
Creditors: amounts falling due within one year	7	<u>(300,061)</u>	<u>(291,200)</u>
Net current assets		71,715	76,559
Total assets less current liabilities		<u>186,122</u>	<u>210,516</u>
Creditors: amounts falling due after more than one year	8	<u>(12,846)</u>	<u>(36,573)</u>
		<u>173,276</u>	<u>173,943</u>
Capital and reserves			
Called-up equity share capital	11	75,000	75,000
Profit and loss account		98,276	98,943
Shareholders' funds		<u>173,276</u>	<u>173,943</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 24th/07/00, and are signed on their behalf by:

Mr K J Cobb

SOS OFFICE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over life of lease
Fixtures & Fittings	-	15% reducing balance to 25% straight line
Motor Vehicles	-	25% reducing balance
Equipment	-	15% reducing balance to 25% straight line

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

SOS OFFICE SUPPLIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

1. Accounting policies (continued)

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Investments

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

2. Operating profit

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation	28,936	30,760
Profit on disposal of fixed assets	-	(290)
Auditors' fees	4,600	5,250
	<u>4,600</u>	<u>5,250</u>

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	161,897	170,913
Value of company pension contributions to money purchase schemes	16,200	16,210
	<u>178,097</u>	<u>187,123</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

SOS OFFICE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

4. Tangible fixed assets

	Land & buildings £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 April 1999	30,248	70,371	120,054	40,053	260,726
Additions	-	6,486	335	2,565	9,386
At 31 March 2000	<u>30,248</u>	<u>76,857</u>	<u>120,389</u>	<u>42,618</u>	<u>270,112</u>
Depreciation					
At 1 April 1999	12,098	38,337	56,255	22,264	128,954
Charge for the year	1,210	5,648	16,034	6,044	28,936
At 31 March 2000	<u>13,308</u>	<u>43,985</u>	<u>72,289</u>	<u>28,308</u>	<u>157,890</u>
Net book value					
At 31 March 2000	<u>16,940</u>	<u>32,872</u>	<u>48,100</u>	<u>14,310</u>	<u>112,222</u>
At 31 March 1999	<u>18,150</u>	<u>32,034</u>	<u>63,799</u>	<u>17,789</u>	<u>131,772</u>

Hire purchase agreements

Included within the net book value of £112,222 is £48,765 (1999 - £71,937) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £16,979 (1999 - £17,290).

5. Investments

	Listed Investments £
Cost	
At 1 April 1999 and 31 March 2000	<u>2,185</u>
Net book value	
At 31 March 2000	<u>2,185</u>
At 31 March 1999	<u>2,185</u>

On 31 March 2000 the market value of these investments was £3,661 (1999: £5,342).

SOS OFFICE SUPPLIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

6. Debtors

	2000	1999
	£	£
Trade debtors	235,878	225,433
Other debtors	9,876	9,251
	<u>245,754</u>	<u>234,684</u>

7. Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	216,675	206,942
Corporation tax	12,150	9,222
Other taxation and social security	32,627	38,688
Hire purchase agreements	31,309	23,578
Other creditors	7,300	12,770
	<u>300,061</u>	<u>291,200</u>

The company's bank hold an unscheduled mortgage debenture dated 1 September 1988 entitling a right of set off between any accounts held in the name of the company.

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

	2000	1999
	£	£
Hire purchase agreements	<u>12,846</u>	<u>36,573</u>

The liabilities due under hire purchase agreements are secured on the assets concerned.

9. Commitments under operating leases

At 31 March 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	£	£
Operating leases which expire:		
After more than 5 years	<u>27,000</u>	<u>27,000</u>

SOS OFFICE SUPPLIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

10. Related party transactions

The company was under the joint control of Mr K J Cobb and Mr A V Cobb throughout the current and previous year.

At the year end there were no balances due to the directors on their loan accounts (1999: £4,723 Mr K J Cobb; £3,007 Mr A V Cobb).

Included within other debtors is an amount of £5,715 (1999: £5,715) due from Mr W Cobb, an employee of the company and brother of Mr K J Cobb and Mr A V Cobb.

11. Share capital

Authorised share capital:

	2000	1999
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	<u>75,000</u>	<u>75,000</u>