

02580821

REGISTRAR OF
COMPANIES

The Original Poster Company Limited

Report and Financial Statements

Year Ended

30 June 2002



BDO Stoy Hayward
Chartered Accountants

THE ORIGINAL POSTER COMPANY LIMITED

Annual report and financial statements for the year ended 30 June 2002

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Directors

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Directors

S E Warren-Gash (Chairman)
D S Mills (Vice-Chairman)
P Jacobs
K A F Macgregor
J J Webster
S J M Mills (Managing Director)
S J Felmingham

Secretary and registered office

P Jacobs, Elephant House, Victoria Villas, Richmond, TW9 2JX.

Company number

02580821

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

THE ORIGINAL POSTER COMPANY LIMITED

Report of the directors for the year ended 30 June 2002

The directors present their report together with the audited financial statements for the year ended 30 June 2002.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year. Interim dividends of £5.40 per share were paid in the year. The directors do not recommend the payment of a final dividend. The directors consider the result for the year to be satisfactory and look forward to a profitable next year.

Principal activities

The company trades as a publisher and distributor of greetings cards and ancillary products. The company mainly operates a franchise network for the distribution of its products, with direct supplies to certain overseas countries.

Charitable and political contributions

The company made charitable donations of £50 (2001 - £750) during the year.

Directors

The directors of the company during the year were:

S E Warren-Gash (Chairman)
D S Mills (Vice-Chairman)
P Jacobs
K A F Macgregor
J J Webster
S J M Mills (Managing Director)
S J Felmingham (appointed 1st July 2001)

Directors' interests

The interests, as defined by the Companies Act 1985, of the directors in the share capital at the beginning and end of the year were:

Name	Class of capital	Holding at	
		2002	2001
S E Warren-Gash	10p ordinary shares	22,375	22,375
D S Mills	10p ordinary shares	22,750	22,750
P Jacobs	10p ordinary shares	1,500	1,500
K A F Macgregor	10p ordinary shares	-	-
J J Webster	10p ordinary shares	2,000	2,000
S J M Mills (jointly with wife)	10p ordinary shares	1,500	1,500
S J Felmingham	10p ordinary shares	-	-

THE ORIGINAL POSTER COMPANY LIMITED

Report of the directors for the year ended 30 June 2002 (*Continued*)

Directors' interests (*Continued*)

In addition, at the year end, 4,750 (2001 – 4,750) shares were held by family trusts in which D S Mills is a trustee and a further 17,250 (2001 – 17,250) shares were held by his spouse or dependants. 22,375 (2001 – 22,375) shares were held by Mrs C Warren-Gash. 37,500 (2001 – 37,500) shares were held in trust for K Macgregor. These all being ordinary shares at 10p each.

On 27 March 1997 S E Warren-Gash was granted options to acquire ordinary shares in the company, based upon a formula approach, for 10p per share exercisable within 7 years.

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:

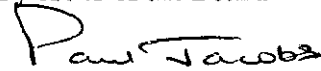
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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


P Jacobs

Secretary

21 November 2002

THE ORIGINAL POSTER COMPANY LIMITED

Report of the independent auditors

To the shareholders of The Original Poster Company Limited

We have audited the financial statements of The Original Poster Company Limited for the year ended 30 June 2002 on pages 5 to 19 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

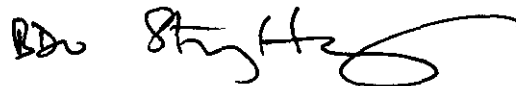
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

THE ORIGINAL POSTER COMPANY LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a large, stylized flourish at the end.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

21 November 2002

THE ORIGINAL POSTER COMPANY LIMITED

Profit and loss account for the year ended 30 June 2002

	Note	2002 £	2001 £
Turnover	2	3,378,363	3,001,323
Cost of sales		(1,577,552)	(1,312,491)
Gross profit		<u>1,800,811</u>	<u>1,688,832</u>
Net operating expenses	3	(1,598,756)	(1,367,853)
Other income		1,066	-
Operating profit	6	<u>203,121</u>	<u>320,979</u>
Profit on sale of freehold building		1,050,259	-
Interest receivable		10,174	470
Interest payable and similar charges	7	(33,683)	(48,873)
Profit on ordinary activities before taxation		<u>1,229,871</u>	<u>272,576</u>
Taxation on ordinary activities	8	(216,053)	(58,700)
Profit on ordinary activities after taxation		<u>1,013,818</u>	<u>213,876</u>
Dividends paid - equity		(712,800)	(145,200)
Retained profit for the year	16	<u><u>301,018</u></u>	<u><u>68,676</u></u>

All amounts relate to continuing activities.

The notes on pages 9 to 19 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 June 2002

	Note	2002 £	2001 £
Statement of total recognised gains and losses			
Profit for the year		301,018	68,676
Taxation on revised prior year revaluation surpluses	8	(103,199)	-
Total recognised gains and losses for the year		<u>197,819</u>	<u>68,676</u>
 Note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		1,229,871	272,576
Realisation of property revaluation gains of previous years		343,997	-
Difference between actual and historical cost depreciation		4,586	6,880
Historical cost profit on ordinary activities before taxation		<u>1,578,454</u>	<u>279,456</u>
 Historical cost profit for the year after taxation and dividends		 <u>649,601</u>	 <u>75,556</u>

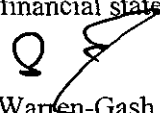
The notes on pages 9 to 19 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Balance sheet at 30 June 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	10		851,583		616,421
Investments	11		600		600
			<u>852,183</u>		<u>617,021</u>
Current assets					
Stocks	12	521,971		432,090	
Debtors - due within one year	13	903,290		611,897	
Cash at bank and in hand		<u>225,008</u>		<u>97,402</u>	
		1,650,269		1,141,389	
Creditors: amounts falling due within one year	14	<u>833,787</u>		<u>502,210</u>	
Net current assets			816,482		639,179
Total assets less current liabilities			1,668,665		1,256,200
Creditors: amounts falling due after more than one year	14		570,171		355,531
			<u>1,098,494</u>		<u>900,669</u>
Capital and reserves					
Called up share capital	15		13,200		13,200
Share premium account	16		185,670		185,670
Profit and loss account	16		897,824		356,002
Revaluation reserve	16		-		343,997
Capital redemption	16		1,800		1,800
Shareholders' funds - equity			<u>1,098,494</u>		<u>900,669</u>

The financial statements were approved by the Board on 21 November 2002


S E Warren-Gash
Director

The notes on pages 9 to 19 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Cash flow statement for the year ended 30 June 2002

	Note	2002 £	2002 £	2001 £	2001 £
Net cash (outflow)/inflow from operating activities	18		(123,576)		516,558
Returns on investments and servicing of finance					
Interest received		10,174		470	
Interest paid		(30,882)		(46,444)	
Interest element of finance lease rental payments		(2,801)		(2,429)	
Net cash outflow from returns on investments and servicing of finance			(23,509)		(48,403)
Taxation					
UK corporation tax refunded			18,973		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(773,345)		(21,531)	
Sale of tangible fixed assets		1,581,314		3,777	
			807,969		(17,754)
Equity dividends paid			(712,800)		(145,200)
Cash (outflow)/inflow before use of liquid resources and financing			(32,943)		305,201
Financing					
Bank loan (mortgage)		(375,047)		(21,411)	
Capital element of finance lease rental payments		(19,222)		(22,552)	
Mortgage		560,000		-	
			165,731		(43,963)
Increase in cash	19,20		132,788		261,238

The notes on pages 9 to 19 form part of these financial statements.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The group has adopted FRS19 during the year. The following principal accounting policies have been applied:

Consolidation

The company has taken advantage of the exemption afforded by section 248 of the Companies Act 1985 and has not prepared group financial statements. The financial statements therefore present information about the company only.

Turnover

Turnover represents the value of sales of goods and services in the year net of value added tax.

Tangible fixed assets and depreciation

Depreciation is charged on fixed assets at rates calculated to write off the cost, less residual values over the expected useful life of each asset. It is calculated at the following rates:

Freehold buildings	-	2% per annum
Motor vehicles	-	25% per annum reducing balance basis
Office equipment	-	25% per annum reducing balance basis
Leasehold	-	over term of lease

Investments

Investments held as fixed assets are stated at cost.

Stock

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

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Previously, the company's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future.

In accordance with FRS 19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is measured on a non-discounted basis. Adopting FRS19 has had no material impact on the current or prior year results and net assets.

Leased assets

Assets held under finance leases are capitalised at their fair value calculated by using the interest rate implicit in the lease. Finance charges are allocated to accounting periods over the lease term. Operating lease payments are charged in the year in which they fall.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

1 Accounting policies (Continued)

Translation of foreign currencies

Foreign currency assets and liabilities are translated into sterling at exchange rates in effect at the balance sheet date. Transactions in foreign currencies are translated at the exchange rates in effect on the date of transaction. Exchange gains and losses are taken to the profit and loss account.

Pension costs

The company operates a personal pension plan for eligible employees through Friends Provident Versatile Group.

Contributions to the plan are charged to the profit and loss account in the year in which they become payable.

2 Turnover

In the opinion of the directors, there is only one class of turnover and it is their belief that it would be prejudicial to the business to disclose the geographical location.

3 Net operating expenses

	2002 £	2001 £
Distribution costs	253,070	183,161
Administration expenses	1,345,686	1,184,692
	1,598,756	1,367,853

4 Employees

	2002 £	2001 £
Staff costs consist of:		
Wages and salaries	827,248	691,556
Social security costs	88,561	75,124
Pensions	22,228	23,384
	938,037	790,064

The average number of employees, including directors, during the year was 23 (2001 -22).

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

5 Directors

	2002 £	2001 £
Directors' emoluments consist of:		
Remuneration	465,293	336,407
Paid to defined contribution pension	20,760	19,885
Benefits in kind	5,733	4,143
	<u>491,786</u>	<u>360,435</u>
Emoluments of highest paid director:		
Remuneration	107,500	113,550
Paid to defined contribution pension	10,915	10,455
Benefits in kind	1,721	1,317
	<u>120,136</u>	<u>125,322</u>

There were 3 (2001 – 3) directors in the defined contribution pension scheme during the year.

6 Operating profit

	2002 £	2001 £
This has been arrived at after charging:		
Depreciation	53,465	36,296
Loss on disposal of fixed assets	6,274	2,175
Directors' emoluments (note 5)	491,786	360,435
Auditors' remuneration - audit services	11,800	11,600
- non audit services	2,000	1,900
	<u></u>	<u></u>

7 Interest payable and similar charges

	2002 £	2001 £
Bank borrowings	30,882	46,444
Finance leases and hire purchase interest	2,801	2,429
	<u>33,683</u>	<u>48,873</u>

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

8 Taxation on profit from ordinary activities

	2002 £	2001 £
UK corporation tax	280,615	58,700
Adjustments in respect of prior years	38,637	-
Total current tax	319,252	58,700
Less: Charged to the statement of total recognised gains and losses	(103,199)	-
Current profit and loss tax charge	216,053	58,700
<i>Tax reconciliation</i>		
Profit on ordinary activities	1,229,871	272,576
Tax on profit on ordinary activities at UK corporation tax rate (30%)	368,961	81,773
Effects of:		
Expenses not deductible for tax purposes	3,933	3,252
Depreciation in excess of capital allowances	-	4,799
Capital allowances in excess of depreciation	(10,493)	-
Tax losses	(55,353)	-
Utilisation of reliefs on property disposals	(113,976)	-
Revaluation	103,199	-
Reliefs	(15,656)	(31,124)
Current tax charge	280,615	58,700

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

9 Dividends

	2002 £	2001 £
Ordinary – paid £5.40 (2001 - £1.10)	712,800	145,200

10 Tangible assets

	Motor vehicles £	Office equipment £	Short leasehold £	Freehold at valuation £	Total £
<i>Cost or valuation</i>					
At 1 July 2001	59,620	119,346	17,690	550,000	746,656
Additions	49,675	99,758	-	676,523	825,956
Disposals	(37,570)	(11,833)	(4,775)	(550,000)	(604,178)
At 30 June 2002	71,725	207,271	12,915	676,523	968,434
<i>Depreciation</i>					
At 1 July 2001	30,413	73,262	4,560	22,000	130,235
Charge for the year	12,425	29,781	2,798	8,461	53,465
Disposals	(23,433)	(9,308)	(4,775)	(29,333)	(66,849)
At 30 June 2002	19,405	93,735	2,583	1,128	116,851
<i>Net book value</i>					
At 30 June 2002	52,320	113,536	10,332	675,395	851,583
At 30 June 2001	29,207	46,084	13,130	528,000	616,421

The net book value of motor vehicles includes an amount of £42,771 (2001 - £21,282) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £6,904 (2001 - £7,904). The net book value of office equipment includes an amount of £15,668 (2001 - £10,939) in respect of assets held under finance leases. The depreciation charge for the year in respect of such assets was £681 (2001 - £3,647). The freehold property is included in the financial statements at cost.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

11 Investments

	Trade £	Subsidiaries £	Total £
<i>Cost</i>			
At 30 June 2001 and at 30 June 2002	596	4	600

Investments in subsidiary undertakings comprise 100% of the issued share capital in The Elephant Group Limited and The Original Pen Company Limited, both of which are dormant companies registered in England. At 30 June 2002 each of these companies held aggregate capital and reserves of £2.

12 Stocks

	2002 £	2001 £
Finished goods and goods held for resale	521,971	432,090

13 Debtors

	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	623,273	328,397
Other debtors	171,969	3,275
Corporation tax debtor	-	116,310
Prepayments and accrued income	108,048	163,915
	903,290	611,897

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

14 Creditors

	2002 £	2001 £
Amounts falling due within one year:		
Bank overdraft (secured)	75,784	80,966
Trade creditors	365,247	212,639
Other creditors	56,623	67,940
Accruals and deferred income	16,520	46,663
Obligations under finance leases	19,694	12,832
Corporation tax	280,609	58,700
Mortgage (secured)	19,310	22,470
	<u>833,787</u>	<u>502,210</u>

Amounts falling due after more than one year:

Obligations under finance leases	29,481	2,954
Mortgage (secured)	540,690	352,577
	<u>570,171</u>	<u>355,531</u>

The mortgage is secured by a first charge over the freehold property. The overdraft is secured by a second charge on the property and fixed and floating charges over the company's present and future assets and is repayable on demand.

The mortgage has a 15 year repayment term and a fixed interest rate of 7% until April 2005 thereafter at a variable rate to be negotiated. Obligations fall due as follows:

	2002 £	2001 £
Within one year	58,228	54,913
Between one and two years	75,229	54,913
Between two and five years	209,468	164,740
Over five years	534,708	300,084
	<u>877,633</u>	<u>574,650</u>
Less: Future finance charges	(317,633)	(199,603)
	<u>560,000</u>	<u>375,047</u>

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 *(Continued)*

14 Creditors *(Continued)*

	2002 £	2001 £
Which are disclosed as:		
Within one year	19,310	22,470
Between one and two years	38,620	22,470
Between two and five years	115,862	67,410
Over five years	386,208	262,697
	<u>540,690</u>	<u>352,577</u>
Obligations under finance leases fall due as follows:		
Within one year	22,789	13,563
Between one and two years	31,524	3,062
	<u>54,313</u>	<u>16,625</u>
Less: future finance charges	(5,138)	(839)
	<u>49,175</u>	<u>15,786</u>
Which are disclosed as:		
Within one year	19,694	12,832
Between one and two years	29,481	2,954
	<u>49,175</u>	<u>15,786</u>

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

	2002 Number	Authorised 2001 Number	2002 £	2001 £
Ordinary shares of 10p each	200,000	200,000	20,000	20,000

16 Reserves

The revaluation reserve of £343,997 was transferred to the profit and loss account reserve following the sale of the freehold property during the year.

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

17 Post balance sheet events

A contract was entered into post year end for refurbishment works to the newly acquired freehold property. Cost for the works is estimated to be £215,000.

18 Reconciliation of operating profit to net cash flow from operating activities

	2002 £	2001 £
Operating profit	203,121	320,979
Depreciation	53,465	36,296
Loss on sale of fixed assets	6,274	2,175
(Increase)/decrease in stocks	(89,881)	33,892
(Increase)/decrease in debtors	(407,703)	111,854
Increase in creditors	111,148	11,362
Net cash (outflow)/inflow from operating activities	(123,576)	516,558

19 Reconciliation of net cash inflow to movement in net debt

	2002 £	2002 £	2001 £	2001 £
Increase in cash in the year	132,788		261,238	
Cash inflow from increase in debt and lease financing	(165,731)		-	
Cash outflow from reduction in debt and lease financing	-		43,963	
Change in net debt resulting from cash flows		(32,943)		305,201
Finance leases		(52,611)		-
Movement in net debt in the year		(85,554)		305,201
Opening net debt		(374,397)		(679,598)
Closing net debt		(459,951)		(374,397)

THE ORIGINAL POSTER COMPANY LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 *(Continued)*

20 Analysis of net debt

	At 1 July 2001 £	Cash flow £	Other non-cash changes £	At 30 June 2002 £
Cash in hand and at bank	97,402	127,606	-	225,008
Overdrafts	(80,966)	5,182	-	(75,784)
Debt due after one year	16,436	132,788	-	149,224
	(352,577)	(188,113)	-	(540,690)
Debt due within one year	(22,470)	3,160	-	(19,310)
Obligations under finance leases	(15,786)	19,222	(52,611)	(49,175)
Total	(374,397)	(32,943)	(52,611)	(459,951)