

Eagle Office Supplies Limited
Financial Statements

31st August 2002

Company Registration Number 3045607



JOLLIFFE CORK
Chartered Accountants & Registered Auditors
33 George Street
Wakefield
WF1 1LX

Eagle Office Supplies Limited

Financial Statements

Period From 1st January 2002 to 31st August 2002

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Eagle Office Supplies Limited

Officers and Professional Advisers

The Board of Directors

Mr J R Marlow
Mr R Coulson
Mr A M Hunt
Miss S M Bennett

Company Secretary

Mr R Coulson

Registered Office

Fox Way
Trinity Business Park
Wakefield
WF2 8EE

Auditors

Jolliffe Cork
Chartered Accountants
& Registered Auditors
33 George Street
Wakefield
WF1 1LX

Bankers

Barclays Bank plc
1 Wood Street
Wakefield
WF1 2EA

Eagle Office Supplies Limited

The Directors' Report

Period From 1st January 2002 to 31st August 2002

The directors present their report and the financial statements of the company for the period from 1st January 2002 to 31st August 2002.

Principal Activities and Business Review

The principal activity of the company during the period was that of distributors of commercial stationery and office supplies.

Business Review

The directors are pleased with the results for the period which show a return to profitability. The directors are delighted to report that the level of activity and profitability are continuing to improve.

Results and Dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company

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

	Class of share	At 31 August 2002	At 1 January 2002
Mr J R Marlow	Ordinary	—	—
	Preferred Ordinary	3,000	3,000
Mr R Coulson	Ordinary	—	—
Mr A M Hunt	Ordinary	—	—
Miss S M Bennett	Ordinary	225	225

Both Mr R Coulson and Mr A M Hunt are directors of Eagle Office Smart Limited which holds 6,775 of the 'A' Ordinary shares in Eagle Office Supplies Limited. The interests of the directors in Eagle Office Smart Limited are disclosed in that company's accounts.

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 period and of the profit or loss for the period then ended.

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

select suitable accounting policies, as described on page 11, 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.

Eagle Office Supplies Limited

The Directors' Report *(continued)*

Period From 1st January 2002 to 31st August 2002

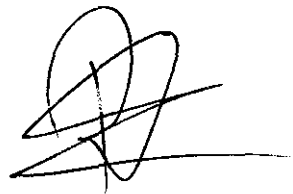
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Jolliffe Cork as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Fox Way
Trinity Business Park
Wakefield
WF2 8EE

Signed by order of the directors

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a diagonal stroke.

Mr R Coulson
Company Secretary

Approved by the directors on 18th October 2002

Eagle Office Supplies Limited

Independent Auditors' Report to the Shareholders

Period From 1st January 2002 to 31st August 2002

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

Respective Responsibilities of the Directors and the 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 on pages 2 to 3.

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. Our responsibilities do not extend to any other information.

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.

Eagle Office Supplies Limited

Independent Auditors' Report to the Shareholders *(Continued)*

Period From 1st January 2002 to 31st August 2002

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st August 2002 and of the profit of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

33 George Street
Wakefield
WF1 1LX

18th October 2002



JOLLIFFE CORK
Chartered Accountants
& Registered Auditors

Eagle Office Supplies Limited

Profit and Loss Account

Period From 1st January 2002 to 31st August 2002

	Note	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Turnover	2	5,082,845	6,135,216
Cost of sales		3,994,291	4,987,949
Gross Profit		<u>1,088,554</u>	<u>1,147,267</u>
Distribution Costs		269,047	266,473
Administrative expenses		737,182	1,131,382
Operating Profit/(Loss)	3	<u>82,325</u>	<u>(250,588)</u>
Interest payable	6	6,255	10,186
Profit/(Loss) on Ordinary Activities Before Taxation		<u>76,070</u>	<u>(260,774)</u>
Tax on profit/(loss) on ordinary activities	7	—	1,917
Retained Profit/(Loss) for the Financial Period		<u><u>76,070</u></u>	<u><u>(262,691)</u></u>

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 11 to 17 form part of these financial statements.

Eagle Office Supplies Limited

Balance Sheet

31st August 2002

	Note	31 Aug 02 £	31 Dec 01 £
Fixed Assets			
Tangible assets	8	229,958	156,991
Investments	9	9,177	9,177
		<u>239,135</u>	<u>166,168</u>
Current Assets			
Stocks	10	172,390	178,893
Debtors	11	1,728,604	1,568,380
Cash at bank and in hand		46,352	5,026
		<u>1,947,346</u>	<u>1,752,299</u>
Creditors: Amounts Falling due Within One Year	12	<u>2,003,628</u>	<u>1,872,121</u>
Net Current Liabilities		<u>(56,282)</u>	<u>(119,822)</u>
Total Assets Less Current Liabilities		<u>182,853</u>	<u>46,346</u>
Creditors: Amounts Falling due after More than One Year	13	<u>99,441</u>	<u>39,004</u>
		<u>83,412</u>	<u>7,342</u>
Capital and Reserves			
Called-up equity share capital	17	10,000	10,000
Share premium account		263,144	263,144
Profit and Loss Account	18	(189,732)	(265,802)
Shareholders' Funds	19	<u>83,412</u>	<u>7,342</u>

These financial statements were approved by the directors on the 18th October 2002 and are signed on their behalf by:

Mr J R Marlow

Mr A M Hunt

Mr R Coulson

The notes on pages 11 to 17 form part of these financial statements.

Eagle Office Supplies Limited

Cash Flow Statement

Period From 1st January 2002 to 31st August 2002

	Period to 31 Aug 02 £	£	Year to 31 Dec 01 £	£
Net Cash Inflow From Operating Activities		194,045		198,376
Returns on Investments and Servicing of Finance				
Interest paid	(2,090)		(5,659)	
Interest element of hire purchase	<u>(4,165)</u>		<u>(4,527)</u>	
Net Cash Outflow From Returns on Investments and Servicing of Finance		(6,255)		(10,186)
Taxation		-		(5,575)
Capital Expenditure				
Payments to acquire tangible fixed assets	(106,706)		(89,725)	
Receipts from sale of fixed assets	<u>4,149</u>		<u>38,476</u>	
Net Cash Outflow From Capital Expenditure		(102,557)		(51,249)
Cash Inflow Before Financing		85,233		131,366
Financing				
Repayment of bank loans	(1,154)		(1,732)	
New hire purchase	95,227		24,988	
Capital element of hire purchase	<u>(19,119)</u>		<u>(43,426)</u>	
Net Cash Inflow/(Outflow) From Financing		74,954		(20,170)
Increase in Cash		<u>160,187</u>		<u>111,196</u>

The notes on pages 11 to 17 form part of these financial statements.

Eagle Office Supplies Limited

Cash Flow Statement *(continued)*

Period From 1st January 2002 to 31st August 2002

Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) From Operating Activities

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Operating profit/(loss)	82,325	(250,588)
Depreciation	28,627	40,244
Loss on disposal of fixed assets	963	1,133
Decrease/(Increase) in stocks	6,503	(15,033)
(Increase)/Decrease in debtors	(160,224)	18,611
Increase in creditors	235,851	404,009
Net cash inflow from operating activities	194,045	198,376

Reconciliation of Net Cash Flow to Movement in Net Debt

	31 Aug 02 £	31 Dec 01 £
Increase in cash in the period	160,187	111,196
Net cash outflow from bank loans	1,154	1,732
Cash outflow in respect of hire purchase	(76,108)	18,438
	<u>85,233</u>	<u>131,366</u>
Change in net debt	85,233	131,366
Net debt at 1 January 2002	(169,943)	(301,309)
Net debt at 31 August 2002	(84,710)	(169,943)

The notes on pages 11 to 17 form part of these financial statements.

Eagle Office Supplies Limited

Cash Flow Statement *(continued)*

Period From 1st January 2002 to 31st August 2002

Analysis of Changes in Net Debt

	At 1 Jan 2002 £	Cash flows £	At 31 Aug 2002 £
Net cash:			
Cash in hand and at bank	5,026	41,326	46,352
Overdrafts	(118,861)	118,861	—
	<u>(113,835)</u>	<u>160,187</u>	<u>46,352</u>
Debt:			
Debt due within 1 year	(1,732)	—	(1,732)
Debt due after 1 year	(1,443)	1,154	(289)
Hire purchase agreements	(52,933)	(76,108)	(129,041)
	<u>(56,108)</u>	<u>(74,954)</u>	<u>(131,062)</u>
Net debt	<u>(169,943)</u>	<u>85,233</u>	<u>(84,710)</u>

The notes on pages 11 to 17 form part of these financial statements.

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, 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 improvements	- 15 years
Fixtures, plant and equipment	- 15% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 33 1/3% reducing balance

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 employees. 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.

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.

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
United Kingdom	<u>5,082,845</u>	<u>6,135,216</u>

3. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Depreciation	28,627	40,244
Loss on disposal of fixed assets	963	1,133
Auditors' remuneration - as auditors	<u>5,000</u>	<u>5,000</u>

4. Particulars of Employees

The aggregate payroll costs of the above were:

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Wages and salaries	384,109	601,534
Social security costs	37,771	50,515
Other pension costs	2,000	4,400
	<u>423,880</u>	<u>656,449</u>

5. Directors' Emoluments

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

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Emoluments receivable	81,346	146,450
Value of company pension contributions to money purchase schemes	2,000	4,400
	<u>83,346</u>	<u>150,850</u>

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

5. Directors' Emoluments *(continued)*

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

	Period to 31 Aug 02 No.	Year to 31 Dec 01 No.
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest Payable

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Interest payable on bank borrowing	1,902	5,376
Finance charges	4,165	4,527
Other similar charges payable	188	283
	<u>6,255</u>	<u>10,186</u>

7. Tax on Profit or (Loss) on Ordinary Activities

Taxation

	Period to 31 Aug 02 £	Year to 31 Dec 01 £
Current tax:		
Corporation tax	—	—
Over/under provision in prior year	—	1,917
Total current tax	—	<u>1,917</u>
Tax on profit or (loss) on ordinary activities	<u>—</u>	<u>1,917</u>

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

8. Tangible Fixed Assets

	Leasehold Improvements £	Fixtures, Plant & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 January 2002	63,847	38,488	50,191	99,233	251,759
Additions	—	449	103,344	2,913	106,706
Disposals	—	—	(8,950)	—	(8,950)
At 31 August 2002	63,847	38,937	144,585	102,146	349,515
Depreciation					
At 1 January 2002	4,257	7,365	15,862	67,284	94,768
Charge for the period	2,837	3,341	14,847	7,602	28,627
On disposals	—	—	(3,838)	—	(3,838)
At 31 August 2002	7,094	10,706	26,871	74,886	119,557
Net Book Value					
At 31 August 2002	56,753	28,231	117,714	27,260	229,958
At 31 December 2001	59,590	31,123	34,329	31,949	156,991

Hire purchase agreements

Included within the net book value of £229,958 is £132,515 (2001 - £57,502) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £16,151 (2001 - £13,736).

9. Investments

	Other Investments £
Cost:	
At 1st January 2002 and 31st August 2002	9,177
Net Book Value:	
At 31st August 2002	9,177
At 31st December 2001	9,177

10. Stocks

	31 Aug 02 £	31 Dec 01 £
Stock	172,390	178,893

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

11. Debtors

	31 Aug 02	31 Dec 01
	£	£
Trade debtors	1,258,256	1,096,920
Amounts owed by group undertakings	332,480	332,480
Other debtors	30,000	37,081
Prepayments and accrued income	107,868	101,899
	<u>1,728,604</u>	<u>1,568,380</u>

The debtors above include the following amounts falling due after more than one year:

	31 Aug 02	31 Dec 01
	£	£
Amounts owed by group undertakings	<u>332,480</u>	<u>332,480</u>

12. Creditors: Amounts Falling due Within One Year

	31 Aug 02	31 Dec 01
	£	£
Sales ledger financing	845,748	791,026
Bank loans and overdrafts	1,732	120,593
Trade creditors	1,062,386	893,456
Other creditors including taxation and social security:		
PAYE and social security	14,461	15,131
VAT	37,990	21,329
Hire purchase agreements	29,889	15,372
Other creditors	202	910
Directors current accounts	679	679
	<u>83,221</u>	<u>53,421</u>
Accruals and deferred income	10,541	13,625
	<u>2,003,628</u>	<u>1,872,121</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	31 Aug 02	31 Dec 01
	£	£
Bank loans and overdrafts	1,732	54,030
Sales ledger financing	942,553	887,831
	<u>944,285</u>	<u>941,861</u>

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

13. Creditors: Amounts Falling due after More than One Year

	31 Aug 02	31 Dec 01
	£	£
Bank loans and overdrafts	289	1,443
Other creditors:		
Hire purchase agreements	99,152	37,561
	<u>99,441</u>	<u>39,004</u>

14. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	31 Aug 02	31 Dec 01
	£	£
Amounts payable within 1 year	29,889	15,372
Amounts payable between 2 to 5 years	99,152	37,561
	<u>129,041</u>	<u>52,933</u>
Hire purchase agreements are analysed as follows:		
Current obligations	29,889	15,372
Non-current obligations	99,152	37,561
	<u>129,041</u>	<u>52,933</u>

15. Commitments under Operating Leases

At 31st August 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	31 Aug 02		31 Dec 01	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	—	17,758	18,600	—
Within 2 to 5 years	—	53,148	—	74,972
After more than 5 years	42,500	—	42,500	—
	<u>42,500</u>	<u>70,906</u>	<u>61,100</u>	<u>74,972</u>

16. Related Party Transactions

The company was under the control of Mr R Coulson and Mr A M Hunt throughout the current year.

Both Mr R Coulson and Mr A M Hunt are directors and shareholders of Eagle Office Smart Limited which owes £332,480 to Eagle Office Supplies Limited.

Eagle Office Supplies Limited

Notes to the Financial Statements

Period From 1st January 2002 to 31st August 2002

17. Share Capital

Authorised share capital:

	31 Aug 02	31 Dec 01
	£	£
7,000 Ordinary shares of £1 each	7,000	7,000
3,000 Preferred Ordinary shares of £1 each	3,000	3,000
	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	31 Aug 02		31 Dec 01	
	No.	£	No.	£
Ordinary shares	7,000	7,000	7,000	7,000
Preferred Ordinary shares	3,000	3,000	3,000	3,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

18. Profit and Loss Account

	Period to 31 Aug 02	Year to 31 Dec 01
	£	£
Balance brought forward	(265,802)	(3,111)
Retained profit/(accumulated loss) for the financial period	76,070	(262,691)
Balance carried forward	<u>(189,732)</u>	<u>(265,802)</u>

19. Reconciliation of Movements in Shareholders' Funds

	31 Aug 02	31 Dec 01
	£	£
Profit/(Loss) for the financial period	76,070	(262,691)
Opening shareholders' equity funds	7,342	270,033
Closing shareholders' equity funds	<u>83,412</u>	<u>7,342</u>

20. Ultimate Parent Company

The ultimate parent company is Eagle Office Smart Limited, a company registered in England.