Registration number 3443003

SANDHURST AUTOPRINT LIMITED

Directors' report and financial statements

for the year ended 31 July 2002

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SANDHURST AUTOPRINT LIMITED

Company information

Directors	T. M. Sanders S.W.J. Dear
Secretary	T.M. Sanders
Company number	3443003
Registered office	Knoll House Knoll Road Camberley Surrey GU15 3SY
Auditors	Stewart & Co Knoll House Knoll Road Camberley Surrey GU15 3SY
Bankers	Lloyds TSB Bank plc Obelisk Way Camberley Surrey

SANDHURST AUTOPRINT LIMITED

Contents

	Page
Directors' report	1
Auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

SANDHURST AUTOPRINT LIMITED

Directors' report
for the year ended 31 July 2002

The directors present their report and the financial statements for the year ended 31 July 2002.

Principal activity

The principal activity of the company is the supply of materials for, and the manufacture of vehicle registration plates and the leasing of equipment for the manufacture thereof.

Directors and their interests

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

	Ordinary shares	
	31/07/02	01/08/01
T. M. Sanders	26,970	26,970
S.W.J. Dear	23,030	23,030

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;
- 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 Stewart & Co be re-appointed as auditors of the company will be put to the Annual General Meeting. The directors recommend that Stewart & Co remain in office until further notice.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 13 December 2002 and signed on its behalf by

T.M. Sanders
Secretary

SANDHURST AUTOPRINT LIMITED

Independent auditors' report to the shareholders of SANDHURST AUTOPRINT LIMITED

We have audited the financial statements of Sandhurst Autoprint Limited for the year ended 31 July 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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.

Independent auditors' report to the shareholders of SANDHURST AUTOPRINT LIMITED continued

Opinion

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

Stewart & Co

Stewart & Co
Registered Auditor

13th **December 2002**

Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY

SANDHURST AUTOPRINT LIMITED

Profit and loss account
for the year ended 31 July 2002

	Notes	2002 £	2001 £
Turnover	2	3,241,054	1,748,408
Cost of sales		(2,337,739)	(1,222,654)
Exceptional cost	3	-	(25,000)
Gross profit		903,315	500,754
Selling and distribution costs		(272,806)	(217,911)
Administrative expenses		(243,241)	(210,981)
Operating profit	3	387,268	71,862
Other interest receivable and similar income		20	-
Interest payable and similar charges		(6,487)	(10,727)
Profit on ordinary activities before taxation		380,801	61,135
Tax on profit on ordinary activities	6	(111,054)	(19,248)
Profit on ordinary activities after taxation		269,747	41,887
Dividends paid		(15,000)	(10,000)
Retained profit for the year		254,747	31,887
Retained profit brought forward		79,975	48,088
Retained profit carried forward		334,722	79,975

The notes on pages 6 to 11 form an integral part of these financial statements.

SANDHURST AUTOPRINT LIMITED

Balance sheet
as at 31 July 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	7		312,584		304,899
Current assets					
Stocks		166,040		75,605	
Debtors	8	615,018		442,185	
Cash at bank and in hand		74,814		21	
		855,872		517,811	
Creditors: amounts falling due within one year	9	(773,268)		(666,796)	
Net current			82,604		(148,985)
Total assets less current liabilities			395,188		155,914
Creditors: amounts falling due after more than one year	10		(8,235)		(21,003)
Provisions for liabilities and charges	11		(2,231)		(4,936)
Net assets			384,722		129,975
Capital and reserves					
Called up share capital	13		50,000		50,000
Profit and loss account			334,722		79,975
Shareholders' funds			384,722		129,975

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 13 December 2002 and signed on its behalf by

T. M. Sanders
Director

S. W. J. Dear
Director

The notes on pages 6 to 11 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 July 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year net of adjustments for deferred income.

1.3. 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 the life of the lease
Plant and machinery	-	25% per annum on reducing balance
Fixtures, fittings and equipment	-	10% per annum on reducing balance
Motor vehicles	-	25% per annum on reducing balance
Leasing equipment	-	33.3% per annum on reducing balance

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 payable under operating leases are charged against income on a straight-line basis over the lease term.

1.5. Operating leases - Lessor

Lease income derived from operating leases is recognised on a straight-line basis over the period of the lease.

1.6. Stock

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

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8. 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. Provision is made on a full liability basis. Deferred tax assets and liabilities are not discounted.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

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

3. Operating profit

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	114,198	91,516
Loss on disposal of tangible fixed assets	9,620	1,435
Auditors' remuneration	8,500	5,500
Exceptional items (see below)	-	25,000

The operating profit for the prior year was stated after charging £25,000 relating to a year-end stock provision. The provision related to stock made obsolete following legislation changes post that year-end in relation to the style and materials used in the manufacture of number plates. This cost was considered to be exceptional in the context of the company's ongoing operations.

Additionally, there has been a restatement of certain comparatives in the statutory profit and loss account. The effect has been to increase direct costs of sale by £5,539 and selling and distribution costs by £3,475, with a corresponding decrease of £9,014 in administrative expenses. There is no tax effect resulting from the changes made this year to the 2001 figures.

4. Directors' emoluments

	2002 £	2001 £
Remuneration and other benefits	34,731	45,509
	Number	**Number**
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1

5. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £9,875 (2001 - £9,764).

6. Tax on profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
UK corporation tax at 28% (2001 - 20%)	113,759	14,312
Total current tax charge	113,759	14,312
Deferred tax		
Timing differences, origination and reversal	(2,705)	(1,629)
Prior period adjustments	-	6,565
Total deferred tax	(2,705)	4,936
Tax on profit on ordinary activities	111,054	19,248

7. Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Leasing equipment £	Total £
Cost						
At 1 August 2001	31,902	63,850	16,444	92,050	258,944	463,190
Additions	21,576	11,749	6,120	26,454	96,354	162,253
Disposals	-	-	(3,734)	(63,550)	(24,859)	(92,143)
At 31 July 2002	53,478	75,599	18,830	54,954	330,439	533,300
Depreciation						
At 1 August 2001	3,268	26,413	4,568	34,170	89,872	158,291
On disposals	-	-	(1,557)	(25,545)	(24,671)	(51,773)
Charge for the year	3,444	11,534	1,802	11,583	85,835	114,198
At 31 July 2002	6,712	37,947	4,813	20,208	151,036	220,716
Net book values						
At 31 July 2002	46,766	37,652	14,017	34,746	179,403	312,584
At 31 July 2001	28,634	37,437	11,876	57,880	169,072	304,899

The gross amount of assets held for use in operating leases and the accumulated depreciation thereon is represented by "Leasing equipment".

7. Tangible fixed assets (continued)

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

Asset description	2002 Net book value £	2002 Depreciation charge £	2001 Net book value £	2001 Depreciation charge £
Motor vehicles	27,281	9,094	52,687	17,563

8. Debtors

	2002 £	2001 £
Trade debtors	581,795	437,104
Prepayments and accrued income	33,223	5,081
	615,018	442,185

9. Creditors: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	39,060
Net obligations under finance leases and hire purchase contracts	9,646	18,952
Trade creditors	385,447	412,537
Amounts owed to connected company	-	35,280
Corporation tax	113,756	14,312
Other taxes and social security costs	42,601	16,947
Other creditors	1,153	-
Accruals and deferred income	220,665	129,708
	773,268	666,796

The company has a bank overdraft facility secured by a debenture over its assets.

The obligations under finance leases and hire purchase contracts are secured on the specific fixed assets to which they relate.

10. Creditors: amounts falling due after more than one year	2002 £	2001 £
Net obligations under finance leases and hire purchase contracts	8,235	21,003

11. Provisions for liabilities and charges

	Deferred taxation (Note 12) £
At 1 August 2001	4,936
Movements in the year	(2,705)
At 31 July 2002	2,231

12. Provision for deferred taxation

	2002 £	2001 £
Accelerated capital allowances	2,231	4,936
Un-discounted provision for deferred tax	2,231	4,936

Provision at 1 August 2001	4,936
Deferred tax credit in profit and loss account	(2,705)
Provision at 31 July 2002	2,231

13. Share capital

	2002	2001
	£	£
Authorised		
250,000 Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

14. Financial commitments

At 31 July 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	2001
	£	£
Expiry date:		
Within one year	6,654	-
Between one and five years	-	5,721
In over five years	18,700	18,700
	25,354	24,421

15. Related party transactions

T.M. Sanders, a company director, is also a director and controlling shareholder of Longdown Developments Limited. Expenses are recharged by the related company to arrive at the correct apportionment of overheads. In the year ended 31 July 2002, management time was recharged amounting to £57,976 (2001 - £48,476). Work done between the companies is carried out in the ordinary course of business at market rates.

At the balance sheet date, the company owed Longdown Developments Limited £Nil (2001 - £35,280).

16. Controlling interest

The company is controlled by T. M. Sanders.