

DIRECTORS' REPORT ON THE ACCOUNTS

For the Year ended 31st March 1990

Ladies and Gentlemen,

The Directors submit their annual report and audited accounts of the company for the year ended March 1990.

The principal activities of the company are paper and board merchants, converters and envelope makers. Although sales increased some 6%, a loss of £277,854 occurred.

This loss was attributable to the necessity to close our factory for a scheduled two weeks followed by a further five weeks due to roofing problems. This is now the subject of a legal claim by the company.

No Director has had a material interest, directly or indirectly, in any contract significant to the company's business.

Throughout the year under review, the Directors have had interest in the share capital of the company as follows:-

<u>Director's Name</u>	<u>Appointed</u>	<u>Ordinary Shares</u>	<u>Preference Shares</u>	
			<u>1st</u>	<u>2nd</u>
A.D.P. Tanner	1946	600		
Tanner Family Holding		25541		
P.D. Tanner	28.2.83	267		
M.I. Kerlogue	28.2.83	200	199	317
G. Rosser	28.2.83	200		
W. Pearson	28.2.83	200	200	317

The interest of the Directors throughout the year under review in the shares of the Holding Company was as follows:-

A.D.P. Tanner	200
P.D. Tanner	140 (of which 20 were held non-beneficially)

The Director retiring in rotation is Mr. P.D. Tanner who, being eligible, offers himself for re-election.

The company abides by the Conditions and Rules of the Health and Safety at Work Acts.

A.D.P. Tanner

10th October 1990

CHAIRMAN

Balance Sheet as at 31st March 1990

<u>31.3.89</u>			
FIXED ASSETS			
1,177,159	Tangible Assets (Note 2)		1,129,468
3,250	Investments at cost (Note 3)		3,273
1,180,409			1,132,741
 CURRENT ASSETS			
899,119	Stock (Note 4)	925,479	
1,656,667	Debtors (Note 5)	1,745,009	
88,703	Cash at Bank and in Hand	3,953	
2,644,489		2,674,441	
1,778,042	CREDITORS - Amounts falling due within One Year (Note 6)	2,013,014	
866,447			661,427
2,046,856	TOTAL ASSETS LESS CURRENT LIABILITIES		1,794,168
275,773	CREDITORS - Amounts falling due after more than One Year (Note 7)		274,933
1,771,083			1,519,235
10,000	PROVISION FOR LIABILITIES & CHARGES - Deferred Taxation		-
1,761,083			£1,519,235
 CAPITAL AND RESERVES			
46,400	Called-Up Share Capital (Note 10)	46,400	
4,115	Investment Grant Reserve	4,115	
138,731	Capital Reserve	138,731	
1,571,837	Profit & Loss Account	1,329,989	
1,761,083		£1,519,235	
	A.D.P. Tanner)		
Approved by the Board)	DIRECTORS	
on:	P.D. Tanner)		

REPORT OF THE AUDITORS TO THE MEMBERS OF R.T. TANNER & CO. LIMITED

We have audited the above Balance Sheet and annexed Profit and Loss Account in accordance with approved Auditing Standards. In our opinion, the said accounts give a true and fair view of the company's affairs as at 31st March 1990 and of its loss for the year ended on that date, as well as the source and application of funds, and comply with the Companies Acts 1985 and 1989.

65 Southampton Row
London W.C.1

RIDLEY MARRECO & CO.

17th October 1990

Chartered Accountants

R T T A N N E R & C O M P A N Y L I M I T E D

Profit and Loss Account

For the Year ended 31st March 1990

1988/89

7,396,568	Turnover (Note 1)	7,882,912
5,533,543	Cost of Sales	6,095,523
1,863,025	GROSS PROFIT	1,787,389
1,670,417	X Distribution Costs & Administrative Expenses (Note 11) X	1,974,426
192,608		(187,037)
1,912	Other Operating Income (Note 12)	4,145
194,520		(182,892)
68,352	Interest Payable & Similar Charges (Note 13)	(94,962)
126,168	(1988/89 Profit)	(277,854)
	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	37,172
17,987	Taxation (Note 14)	240,682
108,181	(1988/89 Profit)	
	LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	
	DIVIDENDS	
	5% Cumulative 1st Preference Shares	287
	4% Cumulative 2nd Preference Shares	879
1,166		1,166
107,015		241,848
1,464,822	RETAINED PROFITS AT 1st April 1989	1,571,837
1,571,837	RETAINED PROFITS AT 31st MARCH 1990	£1,329,989

Source and Application of Funds

31st March 1990

31.3.89

SOURCE OF FUNDS

126,168	Net Profit / Loss before Taxation	(277,854)
140,190	Depreciation	133,889
(127)	(1989 Profit) Book Loss on Sale of Fixed Assets	3,432
36,095	Proceeds of Sale of Fixed Assets	7,750
-	Bank Loan	167,213
302,326		34,430

APPLICATION OF FUNDS

120,154	Purchase of Fixed Assets	97,380	
-	Trade Investment	23	
48,901	Corporation Tax paid	27,142	
1,166	Preference Dividends	1,166	
152,024	Bank Loan Repayments	157,542	
322,245			283,253

19,919 DECREASE IN WORKING CAPITAL

£248,823

REPRESENTED BY

26,953	Increase in Stocks	26,360	
75,159	Increase in Cash Balances	-	
174,234	Increase in Debtors	60,786	
-	Decrease in Creditors	52,532	
2,666	Decrease in Bank Overdraft	-	
279,012		139,678	

-	Increase in Bank Overdraft	303,750	
-	Decrease in Cash Balances	84,751	
298,931	Increase in Creditors	-	

388,501

19,919

£248,823

Notes on the Accounts

For the Year ended 31st March 1990

1. ACCOUNTING POLICIES

- (a) The Balance Sheet and Profit and Loss Account have been prepared under the historical cost convention.
- (b) Stock in Trade has been valued by the Directors on the basis of cost or net realisable value, whichever is the lower.
- (c) Turnover represents the amounts charged to customers less credits and excluding Value Added Tax.
- (d) Fixed Assets are depreciated on a reducing balance at the following annual rates:-

Land and Buildings	nil
Installations	7½%
Plant & Machinery	10%
Motor Vehicles	25%
Fixtures & Fittings	7½%
Office Equipment	15%

2. TANGIBLE ASSETS

	Total	Install -ations	General Plant	Office Equipment	Motor Vehicles
At cost 1st April 1989	1,784,539	71,774	1,396,494	127,418	188,853
Additions at cost	72,919	-	11,642	2,197	59,080
	1,857,458		1,408,136	129,615	247,933
Disposals at cost	26,560	-	-	-	26,560
	1,830,898				221,373
Aggregate Depreciation	871,702	46,202	635,862	84,510	105,128
	959,196	25,572	772,274	45,105	116,245
Freehold Land & Buildings 1st April 1989 at cost	145,811				
Additions	24,461	170,272			
	£1,129,468				

3. INVESTMENTS

The company has a holding of 33½% of the issued equity voting capital of Tanner, Krolle & Co. Limited, which has not been treated as an associated company, as the disposition of the other shareholdings is such that no significant influence is exercised.

4. STOCK

	1990	1989
Raw Materials and Finished Goods	888,737	865,191
Work in Progress	36,742	33,928
	£925,479	£899,119

Notes on the Accounts

For the Year ended 31st March 1990

	<u>1990</u>	<u>1989</u>
5. DEBTORS		
Trade Debtors	1,662,714	1,640,124
Other Debtors	2,092	1,682
Prepayments	27,556	14,861
Corporation Tax Refund due (Note 14)	52,647	-
	<u>£1,745,009</u>	<u>£1,656,667</u>

All amounts due from debtors are receivable within one year of the Balance Sheet date.

6. CREDITORS - Amounts falling due within one year		
Trade Creditors	1,178,413	1,205,625
Bank Loans & Overdrafts (secured) (Note 8)	482,747	189,352
Current Hire & Lease Purchase Commitments (Note 18)	57,644	59,590
Corporation Tax due 1.1.91	-	27,086
Other Taxes and Social Security Costs	144,459	176,656
Other Creditors	3,517	26,554
Accruals	124,526	71,460
Preference Dividend	1,259	1,270
Amount due to Holding Company	20,449	20,449
	<u>£2,013,014</u>	<u>£1,778,042</u>

7. CREDITORS - Amounts payable after more than one year		
Deferred Hire & Lease Purchase Commitments (Note 18)	30,400	41,596
Bank Loans (secured) (Note 8)	244,533	234,177
	<u>£274,933</u>	<u>£275,773</u>

8. BANK LOANS AND OVERDRAFTS

On 9th June 1986, Mortgage Debentures were given to both National Westminster Bank plc and TSB England & Wales plc, creating separate charges on the company's freehold property, and floating charges on the undertaking and other assets of the company. On 16th November 1987, a Legal Mortgage over the company's freehold property was given to TSB England & Wales plc. The foregoing charges rank *pari passu* with each other in all respects.

9. SHARE CAPITAL - Throughout the Year	<u>Authorised</u>	<u>Issued</u>
5% Cumulative 1st Preference Shares of £1 each	15,000	8,200
4% Cumulative 2nd Preference Shares of £1 each	40,000	31,398
Ordinary Shares of 25p each	15,000	6,802
	<u>£70,000</u>	<u>£46,400</u>

Notes on the Accounts

For the Year ended 31st March 1990

	<u>1990</u>	<u>1989</u>
10. PROFIT ON ORDINARY ACTIVITIES After charging:-		
Directors' Emoluments (Note 15)	£144,500	£125,500
Auditors' Remuneration	£7,600	£6,700
Depreciation	£133,889	£140,190
Loss on Disposal of Fixed Assets (net)	£3,432	-
and after crediting Profit on Disposal of Fixed Assets	-	£127
11. DISTRIBUTION COSTS & ADMINISTRATIVE EXPENSES		
Distribution Costs	646,965	598,873
Administrative Expenses	1,327,461	1,071,544
	£1,974,426	£1,670,417
12. OTHER OPERATING INCOME		
Dividends Received	186	156
Management Fee - Tanner, Krolle & Co. Ltd.	1,500	1,500
Bank Deposit Interest Received	2,448	247
Sundry Income	11	9
	£4,145	£1,912
13. INTEREST AND SIMILAR CHARGES		
Bank Interest Paid	84,063	61,031
Hire Purchase & Lease Purchase Interest paid	10,899	7,321
	£94,962	£68,352
14. TAXATION		
Provision for Corporation Tax on Profits for Year	-	27,500
Adjustment for previous years	(358)	487
Corporation Tax Repayment due	(27,142)	-
Deferred Taxation	(10,000)	(10,000)
Interest on overdue Corporation Tax	328	-
	(£37,172)	£17,987

(a) The balance of the provision for Deferred Taxation representing Corporation Tax in respect of accelerated capital allowances, has been written back to revenue as a Corporation Tax adjustment in respect of prior years.

(b) In view of the loss incurred for the year, no provision has been made for Corporation Tax. Full account has been taken of the repayment of Corporation Tax due to the company as a result of the said loss.

R T TANNER & COMPANY LIMITED

Notes on the Accounts

For the Year ended 31st March 1990

	<u>1990</u>	<u>1989</u>
15. DIRECTORS' EMOLUMENTS		
Management Remuneration	£144,500	£125,500
Chairman's Emoluments	£5,500	£5,500
Highest-Paid Director	£35,000	£30,000
Other Directors - £25,001 - £30,000	-	Three
£30,001 - £35,000	Three	-
16. EMPLOYEES		
The average number of employees on a weekly basis throughout the year under review was 130 (1989: 130)		
Staff Costs - Wages & Salaries	1,569,620	1,495,607
Social Security Costs	163,856	153,899
Other Pension Costs	30,214	36,054
	<u>£1,763,690</u>	<u>£1,685,560</u>
17. HOLDING COMPANY		
R.T. Tanner & Co. Limited is a subsidiary of Auctor Limited, a company incorporated in England.		
18. HIRE PURCHASE AND LEASE PURCHASE COMMITMENTS		
Total Repayments due	105,552	119,010
Less: Interest not yet due	17,508	17,824
	<u>£ 88,044</u>	<u>£101,186</u>
In common with all contracts of this type, the Hire Purchase and Lease Purchase contracts currently in force provide for retention of title until the final instalment is paid by the company.		
19. CONTRACTS FOR CAPITAL EXPENDITURE	none	none