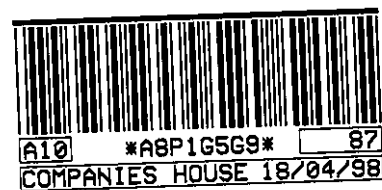


JEPSON AND COMPANY LIMITEDABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1997

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	1
Statement of Directors' Responsibilities	2
Auditors' Report to the Members	3
Auditors' Report to the Directors	4
Balance Sheet	5
Profit and Loss Account	6
Cash Flow Statement	7 - 8
Notes to the Accounts	9 - 13



# JEPSON AND COMPANY LIMITED

## DIRECTORS' REPORT

The Directors present their report together with the accounts of the company for the year ended 30th June 1997.

The principal activity of the company is trading as manufacturers of vehicle number plates and signs.

The company has two wholly owned subsidiaries, Degron Limited and Kenric Plastics Limited and further information is given in the accounts regarding these companies.

In the opinion of the Auditors, the company is not required to prepare group accounts.

Turnover has increased and profit margins have improved significantly. There is a net profit before taxation of £522,417 which the directors consider to be most satisfactory. The company hopes to continue these improved results in the current year.

The payment of a dividend to the parent company, Jepson Holdings Limited of £450,000 was made in the year.

The directors consider that the market value of the freehold and leasehold properties is in excess of balance sheet value. This excess has not been estimated and is not considered, by the directors, to be significant. The directors value the investment property at £170,000 at 30th June 1997, based on professional advice received regarding property values in that location.

Directors serving during the year were G.E. Jepson and Miss B.G. Jepson. The directors held no shares in Jepson and Co. Limited at 30th June 1997 and 1st July 1996. The shareholdings in the holding company, Jepson Holdings Limited were as follows:-

	<u>30.6.97</u>	<u>1.7.96</u>
	£	£
G.E. Jepson	41,374	717,631
G.E. Jepson 1982 settlement	109,835	259,835
G.E. Jepson 1997 settlement	380,626	Nil
G.E. Jepson 1997 discretionary settlement	295,631	Nil
	<u>827,466</u>	<u>977,466</u>

The auditors, Hart Shaw were appointed during the year and have expressed their willingness to continue in office subject to the approval of the members in General Meeting.

By Order of the Board

G.E. Jepson

Director



44 East Bank Road,  
Sheffield. S2 3QN

Dated: 23rd October 1997

**JEPSON AND COMPANY LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

1. Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and profit or loss for the year then ended.
2. In preparing those financial statements the directors are required to:-
  - a) select suitable accounting policies and then apply them on a consistent basis, making adjustments and estimates that are prudent and reasonable.
  - b) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
  - c) prepare the financial statements on the going concern basis, unless it is not appropriate to presume that the company will continue in business.
3. 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' REPORT TO THE MEMBERS OF**  
**JEPSON AND COMPANY LIMITED**

We have audited the financial statements on pages 5 to 13, which have been prepared under the historical cost convention, as modified by the revaluation of an investment property and the accounting policies set out on page 9.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of 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.

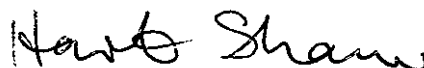
**BASIS OF OPINION**

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 mis-statement, 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 30th June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



**HART SHAW**

**Chartered Accountants**

**and**

**Registered Auditors**

**Dated: 23rd October 1997**

**AUDITORS' REPORT TO THE DIRECTORS OF**  
**JEPSON AND COMPANY LIMITED**  
**(PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985)**

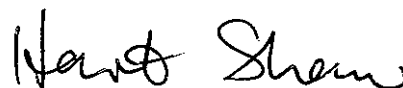
We have examined the financial statements of the company and each of its subsidiaries for the year ended 30th June 1997.

**BASIS OF OPINION**

The scope of our work for the purpose of this Report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

**OPINION**

In our opinion the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.



**HART SHAW**  
**Chartered Accountants**  
**and**  
**Registered Auditors**

**Dated: 23rd October 1997**


**JEPSON AND COMPANY LIMITED**  
**BALANCE SHEET AT 30TH JUNE 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	7	1,350	1,350
Tangible assets	1(b) & 8	848,218	854,728
		<u>849,568</u>	<u>856,078</u>
<b>INVESTMENTS</b>			
Investment Property	9	170,000	170,000
Shares in subsidiary undertakings	20	135,000	135,000
Loan to parent company	10	929,213	926,963
		<u>1,234,213</u>	<u>1,231,963</u>
		<u>2,083,781</u>	<u>2,088,041</u>
<b>CURRENT ASSETS</b>			
Stocks on hand	1(c) & 11	522,451	514,923
Debtors	12	1,563,812	1,327,670
Cash and bank balances		1,062,193	624,680
		<u>3,148,456</u>	<u>2,467,273</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>2,372,444</u>	<u>1,624,795</u>
<b>NET CURRENT ASSETS</b>		<u>776,012</u>	<u>842,478</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,859,793</u>	<u>2,930,519</u>
Provision for liabilities and charges			
Deferred Taxation	5	109,078	117,263
<b>NET ASSETS</b>		<u>2,750,715</u>	<u>2,813,256</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10,000	10,000
Capital reserve	15	33,609	33,609
Investments revaluation reserve	16	156,632	156,632
Profit and loss account		2,550,474	2,613,015
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17	<u>2,750,715</u>	<u>2,813,256</u>

The notes on pages 9 to 13 form an integral part of these accounts.

The financial statements were approved by the Board of Directors on 23rd October 1997.

G.E. Jepson



- Director

**JEPSON AND COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b>TURNOVER</b>	1(a)	4,820,884	4,433,926
Increase in stocks of finished goods		4,075	32,447
Other operating income:-			
Management charge	2	10,000	10,000
		<hr/>	<hr/>
		4,834,959	4,476,373
Purchase of goods		(2,902,911)	(2,861,234)
Other external and operating charges		(352,885)	(354,372)
		<hr/>	<hr/>
		(3,255,796)	(3,215,606)
		<hr/>	<hr/>
		1,579,163	1,260,767
Staff costs:-			
Wages, salaries and fees	18	(882,762)	(784,669)
Social security costs		(62,879)	(61,645)
Other pension costs	1(d)	(32,909)	(32,173)
		<hr/>	<hr/>
		(978,550)	(878,487)
		<hr/>	<hr/>
Depreciation and loss on sale	1(b) & 8	600,613	382,280
		(156,383)	(138,402)
		<hr/>	<hr/>
Bank interest receivable		444,230	243,878
		78,357	63,099
		<hr/>	<hr/>
Bank interest payable		522,587	306,977
		(170)	(92)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	522,417	306,885
Tax on profit on ordinary activities	4	(134,958)	(83,829)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		387,459	223,056
Dividend paid to parent company	6	(450,000)	--
		<hr/>	<hr/>
Retained profits brought forward		(62,541)	223,056
		2,613,015	2,389,959
		<hr/>	<hr/>
<b>RETAINED PROFITS CARRIED FORWARD</b>		2,550,474	2,613,015
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit for the year.  
All the company's activities are continuing.

**JEPSON AND COMPANY LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH JUNE 1997**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW**  
**FROM OPERATING ACTIVITIES**

	<u>1997</u>	<u>1996</u>
	£	£
Operating profit	444,230	243,878
Depreciation of tangible assets	136,724	135,667
Loss on disposal of tangible fixed assets	19,659	2,735
(Increase) in stocks	(7,528)	(52,661)
(Increase) in debtors	(236,142)	(142,336)
Increase in creditors	686,834	42,568
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>1,043,777</u>	<u>229,851</u>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities	1,043,777	229,851
Returns on investment and servicing of finance	78,187	63,007
Taxation paid	(82,328)	(57,310)
Capital expenditure	(149,873)	(128,863)
	<hr/>	<hr/>
Equity dividends paid	889,763	106,685
	(450,000)	--
	<hr/>	<hr/>
Net cash inflow before the use of liquid reserves	439,763	106,685
Financing	(2,250)	--
	<hr/>	<hr/>
Increase in cash	<u>437,513</u>	<u>106,685</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT**  
**IN CASH AND BANK BALANCES**

Increase in cash in the year	437,513	106,685
	<hr/>	<hr/>
Net cash and bank balances as at 01.07.96	437,513	106,685
	624,680	517,995
	<hr/>	<hr/>
Net cash and bank balances as at 30.06.97	<u>1,062,193</u>	<u>624,680</u>



**JEPSON AND COMPANY LIMITED**  
**NOTES TO CASH FLOW STATEMENT**

<b><u>Note 1 - Gross Cash Flows</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Returns on investments and servicing of finance</u></b>		
Interest paid	(170)	(92)
Interest received	78,357	63,099
Net cash inflow	<u>78,187</u>	<u>63,007</u>
<b><u>Taxation</u></b>		
Corporation tax paid	<u>(82,328)</u>	<u>(57,310)</u>
<b><u>Capital expenditure</u></b>		
Payments to acquire tangible fixed assets	(198,473)	(190,408)
Receipts from sales of tangible fixed assets	48,600	61,545
Net cash outflow	<u>(149,873)</u>	<u>(128,863)</u>
<b><u>Financing</u></b>		
Increase in loan to parent company	<u>(2,250)</u>	<u>--</u>

**Note 2 - Analysis of changes in net cash and bank balances**

	<b><u>As at 1.7.96</u></b>	<b><u>Cash Flows</u></b>	<b><u>Other Changes</u></b>	<b><u>As at 30.6.97</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
Cash at bank and in hand	<u>624,680</u>	<u>437,513</u>	<u>--</u>	<u>1,062,193</u>

**JEPSON AND COMPANY LIMITED**

**NOTES ON THE ACCOUNTS TO 30TH JUNE 1997**

**1. ACCOUNTING POLICIES**

These accounts have been prepared under the historical cost convention, as modified by the revaluation of an investment property.

- a) Turnover represents the net amounts invoiced, excluding VAT in respect of sales of vehicle number plates and signs during the year. Turnover attributable to different geographical markets is as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
UK sales	4,625,705	4,223,008
Europe and Far East	195,179	210,918

- b) Depreciation is provided on machinery and fixtures at 15% and on motor vehicles at 25% on the reducing balance method. These rates being calculated to write off the assets over their anticipated lives. The freehold property has been depreciated at 4% on cost price and the leasehold property is being written off over the period of the long lease, from 17th December 1975.
- c) Stocks of raw materials are valued by the directors at the lower of cost price and net realisable value and stocks of finished goods at cost of production, including an appropriate addition for overheads.
- d) The company operated a defined pension contribution scheme during the year and payments made in the year are charged to profit and loss account.
- e) Provision has been made for deferred taxation at the current rate of corporation tax on the excess of the book values of fixed assets over their tax written down values at 30th June 1997.
- f) The investment property has been treated in accordance with SSAP 19. The property has been revalued by the directors each year and the figure of £170,000 represents in their opinion, a true open market value at 30th June 1997.
- g) All capital instruments are accounted for and classified as equity share capital according to their form.

2. The management charge is in respect of services supplied to Jepsons Signs Limited.

	<u>1997</u>	<u>1996</u>
	£	£
<b>3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>522,417</u>	<u>306,885</u>
After charging:-		
Directors' remuneration and State contributions	66,630	58,406
Auditors' remuneration	14,625	14,500
Depreciation and loss on sale of fixed assets	<u>156,383</u>	<u>138,402</u>
and after crediting:-		
Interest on bank deposits	<u>78,357</u>	<u>63,099</u>

**JEPSON AND COMPANY LIMITED**

**NOTES ON THE ACCOUNTS TO 30TH JUNE 1997**

(continued)

	<u>1997</u>	<u>1996</u>
	£	£
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
Corporation tax on the profit for the year at the rate of 31%/33%	143,143	82,328
(Decrease)/increase in deferred taxation	(8,185)	1,501
	<u>134,958</u>	<u>83,829</u>

**5. PROVISION FOR LIABILITIES AND CHARGES**

**Deferred taxation**

	<u>1997</u>	<u>1996</u>
	<u>Provided</u>	<u>Unprovided</u>
	<u>Provided</u>	<u>Unprovided</u>
Tax on the excess of book values of fixed assets over tax written down values	<u>109,078</u>	<u>117,263</u>
Contingent liability for tax on investment property	<u>21,953</u>	<u>24,305</u>

6. Dividends of £450,000 were paid to the parent company Jepson Holdings Limited on 25th June 1997. This comprised a dividend of £150,000 under the group election rules and a dividend of £300,000 outside the group election rules with a tax credit of £75,000.

	<u>1997</u>	<u>1996</u>
	£	£
<b>7. FIXED INTANGIBLE ASSETS</b>		
Goodwill, patents and trade marks at cost price	<u>1,350</u>	<u>1,350</u>

**8. FIXED TANGIBLE ASSETS**

	<u>Freehold Property</u>	<u>Leasehold Land and Buildings</u>	<u>Machinery and Fixtures</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost at 30.6.96	136,646	255,722	1,262,122	323,166	1,977,656
Additions at cost	--	--	59,564	138,909	198,473
Cost of disposals	--	--	--	(132,770)	(132,770)
	<u>136,646</u>	<u>255,722</u>	<u>1,321,686</u>	<u>329,305</u>	<u>2,043,359</u>
Cost at 30.6.97	<u>136,646</u>	<u>255,722</u>	<u>1,321,686</u>	<u>329,305</u>	<u>2,043,359</u>
Depreciation at 30.6.96	42,016	48,970	900,334	131,608	1,122,928
Depreciation charged in year	5,467	2,502	63,203	65,552	136,724
Depreciation on disposals	--	--	--	(64,511)	(64,511)
	<u>47,483</u>	<u>51,472</u>	<u>963,537</u>	<u>132,649</u>	<u>1,195,141</u>
Depreciation at 30.6.97	<u>47,483</u>	<u>51,472</u>	<u>963,537</u>	<u>132,649</u>	<u>1,195,141</u>
Book value at 30.6.97	<u>89,163</u>	<u>204,250</u>	<u>358,149</u>	<u>196,656</u>	<u>848,218</u>
Book value at 30.6.96	<u>94,630</u>	<u>206,752</u>	<u>361,788</u>	<u>191,558</u>	<u>854,728</u>

**JEPSON AND COMPANY LIMITED**

**NOTES ON THE ACCOUNTS TO 30TH JUNE 1997**

(continued)

9. The Investment property at Sandbanks, Poole, Dorset has been valued by the directors at £170,000 on 30th June 1997. This valuation is based on advice given by professional agents and on prices at which similar properties in the area have recently been sold. The surplus over original cost is transferred to Revaluation Reserve.

10. The loan to the parent company, Jepson Holdings Limited is interest free and repayable on demand.

	<u>1997</u>	<u>1996</u>
	£	£
<b>11. STOCKS ON HAND</b>		
Raw materials	408,719	405,266
Finished goods	113,732	109,657
	<u>522,451</u>	<u>514,923</u>
<b>12. DEBTORS (amounts due within one year)</b>		
Amounts owing from group undertakings	847,092	640,578
Trade debtors	591,514	613,578
Other debtors and prepaid charges	125,206	73,514
	<u>1,563,812</u>	<u>1,327,670</u>
<b>13. CREDITORS (amounts falling due within one year)</b>		
ACT payable	75,000	--
Corporation tax	68,143	82,328
Amounts owing to group undertakings	1,340,525	757,758
Trade creditors and accruals	817,921	743,884
Income tax and NIC	30,948	30,337
VAT	26,763	5,379
Directors' loan accounts	13,144	5,109
	<u>2,372,444</u>	<u>1,624,795</u>
<b>14. CALLED UP SHARE CAPITAL</b>		
Allotted and fully paid in Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
Authorised in Ordinary Shares of £1 each	<u>12,000</u>	<u>12,000</u>

The whole of the share capital is held by Jepson Holdings Limited, a company incorporated in Great Britain, which is the ultimate holding company.

**15. CAPITAL RESERVE**

Capital profits arising in prior years	<u>33,609</u>	<u>33,609</u>
--	---------------	---------------

**JEPSON AND COMPANY LIMITED**  
**NOTES ON THE ACCOUNTS TO 30TH JUNE 1997**

(continued)

16. INVESTMENT REVALUATION RESERVE	<u>1997</u>	<u>1996</u>
	£	£
Surplus on revaluation of investment property	<u>156,632</u>	<u>156,632</u>
 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Opening Shareholders' funds	2,813,256	2,590,200
(Loss)/profit for the year	(62,541)	223,056
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>2,750,715</u>	<u>2,813,256</u>

18. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company was:-	<u>No.</u>	<u>No.</u>
Production	53	49
Management and administration	17	18
Directors	2	2
	<u>          </u>	<u>          </u>
	72	69

19. CONTINGENT LIABILITIES

The company has given unlimited guarantees to the Bank in respect of Jepson Holdings Limited, Jepsons Signs Limited, Regis Specialised Accessories Limited, Degron Limited, N.P. Screws Limited and Kenric Plastics Limited., these companies being within the Jepson Holdings Limited Group. There is an omnibus letter of set off between the group companies.

The bank holds unlimited debentures incorporating a legal charge on all freehold and leasehold property owned by the company.

20. INFORMATION REGARDING SUBSIDIARY UNDERTAKINGS

The company owns the whole of the share capital of the following companies, both registered in England:-

Degron Limited	( 2 Ordinary shares of £1 each)
Kenric Plastics Ltd.	(200 Ordinary shares of £1 each)

The cost of acquisition was £135,000 as shown in the Balance Sheet.

The following information related to the financial year ended 30th June 1997.

Degron Ltd.	Capital and Reserves at 30.6.97	£207,787
	Profit for the year after taxation	£18,892
Kenric Plastics Ltd.	Capital and Reserves at 30.6.97	£232,999
	Profit for the year after taxation	£19,031

Group accounts are not required as the company is entitled to the exemption conferred by Section 248 of the Companies Act 1985.

# JEPSON AND COMPANY LIMITED

## NOTES ON THE ACCOUNTS TO 30TH JUNE 1997

(continued)

### 21. RELATED PARTY TRANSACTIONS

Included in debtors and (creditors) at 30th June 1997 were the following balances with related parties:-

<u>Related Party</u>	<u>Relationship</u>	<u>1997</u>	<u>1996</u>
		£	£
Jepsons Signs Limited	Group company	279,221	306,443
R.S.A. Limited	Group company	63,979	20,756
Degron Limited	Subsidiary company	2,267	5,762
Kenric Plastics Limited	Subsidiary company	122,700	53,565
Jepson France SARL	Group company	378,925	254,052
Degron Limited	Subsidiary company	(112,230)	(63,730)
Jepsons Signs Limited	Group company	(661,779)	(430,274)
Kenric Plastics Limited	Subsidiary company	(173,372)	(76,872)
N.P. Screws Limited	Group company	(216,500)	(68,444)
R.S.A. Limited	Group company	(176,644)	(118,438)
Mr. G.E. Jepson	Connected person	(24,139)	(17,685)
Miss B.G. Jepson	Connected person	(5,454)	(3,174)

During the year, the company traded with the following related parties, under normal business terms:-

<u>Related Party</u>	<u>Relationship</u>	<u>Trading</u>	<u>Value</u>
			£
Jepson Signs Limited	Group company	Sales	1,363,951
R.S.A. Limited	Group company	Sales	186,250
Kenric Plastics Limited	Subsidiary company	Sales	164,522
Degron Limited	Subsidiary company	Sales	17,211
Jepson France SARL	Group company	Sales	123,835
R.S.A. Limited	Group company	Purchases	1,249
N.P. Screws Limited	Group company	Purchases	4,751
Jepsons Signs Limited	Group company	Management charge	10,000
Jepsons Signs Limited	Group company	Rent received	10,471

### 22. CONTROLLING PARTY

The ultimate controlling party is Jepson Holdings Limited, which controls 100% of the share capital (see also note 10).