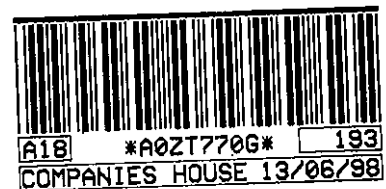


ALLIED PUBLICITY SERVICES (MANCHESTER)
LIMITED

FINANCIAL STATEMENTS

31 JANUARY 1998

Registered number: 681528



Booth Ainsworth
Chartered Accountants
Cheadle, Cheshire

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

FINANCIAL STATEMENTS

for the year ended 31 January 1998

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

COMPANY INFORMATION

31 January 1998

COMPANY NUMBER	681528
CHAIRMAN	M Snelson
OTHER DIRECTORS	G M Snelson N J Snelson R H Snelson
SECRETARY	G M Snelson
REGISTERED OFFICE	10 Eden Place Cheadle Cheshire SK8 1AT
BANKERS	National Westminster Bank plc 2 Chestergate Macclesfield Cheshire SK11 6BS
SOLICITORS	Kuit Steinart Levy 3 St Mary's Parsonage Manchester M3 2RD
AUDITORS	Booth Ainsworth Chartered Accountants Ashfield House Ashfield Road Cheadle, Cheshire SK8 1BE

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

DIRECTORS' REPORT

31 January 1998

The directors present their report and the audited financial statements for the year ended 31 January 1998.

Principal activity

The principal activity of the company are printing, contracting, consultancy and postal publicity.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £3,867,474.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 8.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 January 1998		1 February 1997	
	Ordinary shares		Ordinary shares	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
M Snelson	780	150	1,530	-
G M Snelson	120	600	270	-
N J Snelson	600	-	600	-
R H Snelson	600	-	600	-

Auditors

Booth Ainsworth have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



G M Snelson
Secretary

Date: 27 April 1998

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

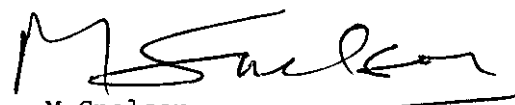
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

On behalf of the board



M Snelson
Chairman

Date: 27 April 1998

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Allied Publicity Services (Manchester) Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 misstatement, whether caused by fraud or error or other irregularity. 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 31 January 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Booth Ainsworth
Registered Auditors
Chartered Accountants
Cheadle, Cheshire

Date: 27 April 1998

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 January 1998

	Note	1998 £	1997 £
Turnover	2	7,046,353	6,128,976
Cost of sales		(4,636,687)	(3,965,933)
Gross profit		2,409,666	2,163,043
Net operating expenses			
Administrative expenses		(1,200,980)	(1,914,966)
Operating profit	3	1,208,686	248,077
Investment income	5	71,741	68,160
Interest payable	6	(67,390)	(47,915)
Profit on ordinary activities before taxation		1,213,037	268,322
Taxation	7	(319,429)	(66,580)
Profit on ordinary activities after taxation		893,608	201,742
retained for the year	17		

Movements in reserves are shown in note 17.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

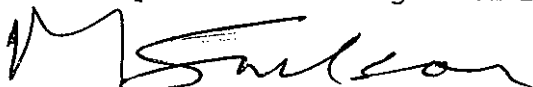
ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

BALANCE SHEET

at 31 January 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	8	5,618,451		3,024,201	
Current assets					
Stocks	10	237,716		192,928	
Debtors	11	1,785,311		1,314,190	
Cash at bank and in hand		1,162,903		1,492,810	
		<u>3,185,930</u>		<u>2,999,928</u>	
Creditors: amounts falling due within one year	12	(2,942,571)		(2,320,262)	
Net current assets			243,359		679,666
Total assets less current liabilities			<u>5,861,810</u>		<u>3,703,867</u>
Creditors: amounts falling due after more than one year	13	(1,730,000)		(730,000)	
Provision for liabilities and charges: Deferred taxation	14	(264,336)		-	
Net assets			<u>3,867,474</u>		<u>2,973,867</u>
Capital and reserves					
Called up share capital	16	3,000		3,000	
Profit and loss account	17	3,864,474		2,970,867	
Total shareholders' funds	15	<u>3,867,474</u>		<u>2,973,867</u>	

The financial statements on pages 5 to 14 were approved by the board of directors on 27 April 1998 and signed on its behalf by:



M Snelson
Chairman

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

CASH FLOW STATEMENT

for the year ended 31 January 1998

	Note	1998		1997	
		£	£	£	£
Net cash inflow					
from operating activities	18		1,758,986		672,440
Returns on investments and servicing					
of finance					
Interest received		71,741		68,160	
Interest paid		(67,390)		(47,915)	
			4,351		20,245
Taxation					
Corporation tax paid			(66,580)		(74,790)
Capital expenditure					
and financial investment					
Purchase of tangible fixed assets		(3,027,165)		(824,866)	
Sale of tangible fixed assets		500		148,189	
			(3,026,665)		(676,677)
			(1,329,908)		(58,782)
Financing					
Debt due within a year:					
Other loan repayments		-		(54,125)	
Debt due beyond a year:					
Other loan advances		1,000,000		-	
			1,000,000		(54,125)
Decrease in cash			(329,908)		(112,907)

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold buildings	2% pa on cost
Plant and machinery	20% pa written down value
Motor vehicles	25% pa written down value
Fixtures and fittings	20% pa written down value

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

NOTES ON FINANCIAL STATEMENTS

31 January 1998

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Profit on sale of assets	-	22,573
and after charging		
Staff costs (note 4)	2,506,756	2,874,749
Auditors' remuneration	18,280	12,080
Loss on sale of assets	403	-
Depreciation of tangible fixed assets (note 8)		
owned assets	432,010	427,581

4 Directors and employees

	1998 £	1997 £
Staff costs including directors' emoluments		
Wages and salaries	2,275,709	2,593,981
Social security costs	211,473	256,257
Pension costs	19,574	24,511
	2,506,756	2,874,749
Average monthly number employed including executive directors:	Number	Number
Staff	116	88
Office and management	4	4
	120	92
Directors	£	£
Emoluments	232,740	1,059,675
Highest paid director	95,692	608,450
During the year the following number of directors accrued retirement benefits under:	Number	Number
Money purchase pension schemes	4	4

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,574 (1997 £24,511).

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1998

5 Investment income

	1998 £	1997 £
Interest receivable	71,741	68,160

6 Interest payable

	1998 £	1997 £
Interest on pension fund loan	67,390	47,915
	67,390	47,915

7 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 24%)	55,093	66,580
Deferred taxation	264,336	-
	319,429	66,580

8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
1 February 1997	263,673	3,192,958	142,614	1,523,633	5,122,878
Additions	43,027	2,076,788	97,382	809,968	3,027,165
Disposals	(7,080)	-	-	-	(7,080)
31 January 1998	299,620	5,269,746	239,996	2,333,601	8,142,963
Depreciation					
1 February 1997	121,398	1,797,448	85,860	93,973	2,098,679
Charge for year	40,619	337,051	19,778	34,562	432,010
Disposals	(6,177)	-	-	-	(6,177)
31 January 1998	155,840	2,134,499	105,638	128,535	2,524,512
Net book amount					
31 January 1998	143,780	3,135,247	134,358	2,205,066	5,618,451
1 February 1997	142,276	1,395,510	56,754	1,429,661	3,024,201

NOTES ON FINANCIAL STATEMENTS

31 January 1998

9 Land and buildings

	1998 £	1997 £
Freehold	2,205,066	1,429,661

10 Stocks

	1998 £	1997 £
Work in progress	114,820	69,023
Raw materials	147,896	130,725
Payments on account	(25,000)	(6,820)
	<u>237,716</u>	<u>192,928</u>

11 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	1,448,742	1,285,362
Other debtors	314,784	500
Prepayments and accrued income	21,785	28,328
	<u>1,785,311</u>	<u>1,314,190</u>

12 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	1,604,122	499,407
Corporation tax	55,093	66,580
Other taxation and social security	66,250	93,199
Directors' loan accounts	1,085,953	572,477
Accruals and deferred income	131,153	1,088,599
	<u>2,942,571</u>	<u>2,320,262</u>

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1998

13 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Pension fund loan	1,730,000	730,000
	<u>1,730,000</u>	<u>730,000</u>
Maturity of debt		
Between two and five years	<u>1,730,000</u>	<u>730,000</u>

14 Deferred taxation

	1998		1997	
	Amount unprovided £	Amount provided £	Amount unprovided £	Amount provided £
Corporation tax deferred by capital allowances in excess of depreciation	264,336	264,336	240,650	-
	<u>264,336</u>	<u>264,336</u>	<u>240,650</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 31% (1997 33%).

The movement on deferred taxation is as follows:-

Provision at 1 February 1997	-
Movement during the year	264,336
Provision at 31 January 1998	<u>264,336</u>

15 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a net addition to shareholders' funds	893,608	201,742
Opening shareholders' funds	<u>2,973,866</u>	<u>2,772,124</u>
Closing shareholders' funds	<u>3,867,474</u>	<u>2,973,866</u>

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1998

16 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
Allotted called up and fully paid				
Ordinary shares of £1 each	3,000	3,000	3,000	3,000

17 Profit and loss account

	1998 £
1 February 1997	2,970,866
Retained profit for the year	893,608
31 January 1998	3,864,474

18 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	1,208,686	248,077
Depreciation charges	432,010	427,581
Loss/(profit) on sale of fixed assets	403	(22,573)
Increase in stocks	(44,788)	(5,219)
Increase in debtors	(471,121)	(58,794)
Increase in creditors	633,796	83,368
Net cash inflow from operating activities	1,758,986	672,440

ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1998

19 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash in hand and at bank	1,492,811	(329,908)	1,162,903
Debt due within 1 year	-	-	-
Debt due after 1 year	(730,000)	(1,000,000)	(1,730,000)
Total	<u>762,811</u>	<u>(1,329,908)</u>	<u>(567,097)</u>

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
Decrease in cash in the year	(329,908)	(112,907)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	<u>(1,000,000)</u>	<u>54,125</u>
Change in net debt resulting from cash flows	(1,329,908)	(58,782)
Net debt at 1 February 1997	<u>762,811</u>	<u>821,593</u>
Net debt at 31 January 1998	<u>(567,097)</u>	<u>762,811</u>

20 Related parties

The company is controlled by the directors, whose interests in the shares of the company is shown in the directors' report.

Details of directors' loan accounts and pension fund loans are disclosed under notes 12 and 13 to the financial statements.