



**CHARLES GRIMSEY ASSOCIATES
LIMITED**

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C H R Grimsey	Chairman
P R Dyer	
J W Teets	(USA)
N A Rago	(USA)

SECRETARY

A Appleton

REGISTERED OFFICE

The Courtyard
Arlington Road
Surbiton
Surrey KT6 6BW

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

ACTIVITIES

The company is principally engaged in graphic design.

RESULTS FOR THE YEAR, DIVIDENDS AND TRANSFERS TO RESERVES

The profit before tax, as shown in the profit and loss account, amounted to £47,283 (1994 - £44,218). The directors do not recommend payment of a dividend (1994 - £nil) and the retained profit for the financial year of £31,995 (1994 - £26,668) has been transferred to reserves.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are confident that the company is well placed to take advantage of future market opportunities.

DIRECTORS

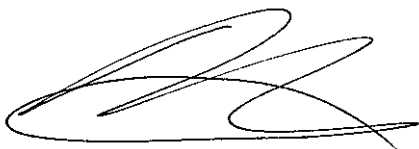
The present membership of the Board is set out on page 1. All directors served throughout the year.

No director has any interests in the share capital of the company or in any other group company incorporated in Great Britain.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A Appleton

Secretary

22 August 1996



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 as at the end of the financial year 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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. 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.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF

CHARLES GRIMSEY ASSOCIATES LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

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 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 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

26 September 1996

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER	2	1,270,797	1,007,356
Cost of sales		(1,082,222)	(849,532)
Gross profit		188,575	157,824
Administrative expenses		(108,505)	(93,338)
Other operating charges		(20,828)	(16,239)
OPERATING PROFIT	4	59,242	48,247
Interest receivable and similar income		-	696
Interest payable and similar charges	5	(11,959)	(4,725)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		47,283	44,218
Tax on profit on ordinary activities	6	(15,288)	(17,550)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		31,995	26,668
Retained profit brought forward		56,879	30,211
Retained profit carried forward		88,874	56,879

All activities derive from continuing operations. There are no movements on shareholders' funds or recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

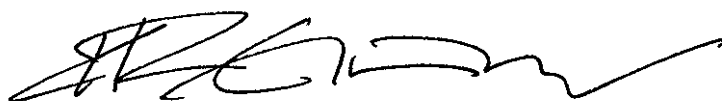
BALANCE SHEET

31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	7	53,535	26,163
CURRENT ASSETS			
Debtors	8	367,296	147,822
Cash at bank and in hand		111	20,598
		367,407	168,420
CREDITORS: amounts falling due within one year	9	(331,968)	(137,604)
NET CURRENT ASSETS		35,439	30,816
TOTAL ASSETS LESS CURRENT LIABILITIES		88,974	56,979
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account		88,874	56,879
TOTAL EQUITY SHAREHOLDERS' FUNDS		88,974	56,979

These financial statements were approved by the Board of Directors on 22 August 1996.

Signed on behalf of the Board of Directors



C H R Grimsey

Director


NOTES TO THE ACCOUNTS
For the year ended 31 December 1995
1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment, fixtures and fittings	Between 3 and 10 years
---	------------------------

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company makes contributions to a money purchase scheme on behalf of certain employees. The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover represents net invoiced sales of goods, excluding value added tax. The turnover and profit before taxation are attributable to the one principal activity of the company. All business is carried out in the UK.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors' emoluments (fees - £nil)	48,304	53,440
Remuneration of the Chairman and highest paid director	46,286	51,422
The other directors received no remuneration during the year (1994 - £nil).		
Average number of persons employed	No	No
Administration	7	7
	£	£
Staff costs during the year (including directors)		
Wages and salaries	136,590	131,489
Social security costs	13,661	12,628
Pension costs	2,018	2,018
	152,269	146,135


NOTES TO THE ACCOUNTS
For the year ended 31 December 1995
4. OPERATING PROFIT

	1995	1994
	£	£
Operating profit is after charging:		
Depreciation	20,828	16,239
Rentals under operating leases		
Hire of plant and machinery	8,164	10,943
Other operating leases	26,629	24,689
Auditors' remuneration	4,950	4,950
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	1995	1994
	£	£
Interest payable on bank overdraft	11,959	4,725
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
United Kingdom corporation tax at 33%		
(1994 - 33%) based on the profit for the year	16,424	17,550
Adjustment in respect of prior years	(1,136)	-
	<u> </u>	<u> </u>
	15,288	17,550
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings	
	1995	1994
	£	£
Cost		
At 1 January 1995	79,605	46,728
Additions	48,200	32,877
	<u> </u>	<u> </u>
At 31 December 1995	127,805	79,605
	<u> </u>	<u> </u>
Depreciation		
At 1 January 1995	53,442	37,203
Charge for year	20,828	16,239
	<u> </u>	<u> </u>
At 31 December 1995	74,270	53,442
	<u> </u>	<u> </u>
Net book value		
At 31 December 1995	53,535	26,163
	<u> </u>	<u> </u>
At 31 December 1994	26,163	9,525
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 1995

8. DEBTORS

	1995	1994
	£	£
Trade debtors	26,271	24,568
Amounts owed by fellow subsidiary undertakings	314,776	97,267
Corporation tax recoverable	1,136	-
Prepayments and accrued income	25,113	25,987
	<u>367,296</u>	<u>147,822</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	£	£
Bank overdraft	100,068	-
Trade creditors	161,437	90,669
Amount owed to parent undertaking	1,114	2,674
Taxation and social security	49,685	25,879
Accruals and deferred income	19,664	18,382
	<u>331,968</u>	<u>137,604</u>

10. DEFERRED TAXATION

No provision has been made for deferred taxation (1994 - £nil). The major components of the potential amounts not provided are:

	1995	1994
	£	£
Accelerated capital allowances	<u>2,883</u>	<u>2,859</u>

11. CALLED UP SHARE CAPITAL

	1995	1994
	£	£
Authorised:		
1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
100 ordinary shares of £1	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 1995

12. FUTURE COMMITMENTS

(a) Operating lease commitments

At 31 December 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	1995	
	Land and buildings £	Other £
Leases which expire:		
Within one year	26,712	2,668
Within two to five years	-	4,908
	<u>26,712</u>	<u>7,576</u>

(b) Capital commitments

At 31 December 1995 there were no capital commitments authorised or contracted for (1994 - £nil).

13. CONTINGENT LIABILITIES

Cross guarantees have been given in respect of overdrafts of the immediate parent company in the UK. The overdrafts at 31 December 1995 amounted to £94,557.

14. CASH FLOW STATEMENT

As a wholly owned subsidiary of Dial Service Companies Limited, whose group accounts contain a cash flow statement, the company takes advantage of the exemption from the requirement to produce a cash flow statement.

15. ULTIMATE PARENT COMPANY

The immediate parent company in the UK is Dial Service Companies Limited which is registered in England and Wales. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate parent company is The Dial Corp. which is incorporated in the United States of America. Copies of the financial statements of The Dial Corp. are available from Dial Tower, Phoenix, Arizona 85077.