

ADM GROUP MAILING SERVICES LIMITED
(formerly ADM (Holdings) Limited)
(and its subsidiary companies)

FINANCIAL STATEMENTS
for the year ended 31 December 1994

Registered No: 2006058

LLOYD EVANS
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ADM GROUP MAILING SERVICES LIMITED
(formerly ADM (Holdings) Limited)
(and its subsidiary companies)

Financial Statements for the year ended 31 December 1994

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ADM GROUP MAILING SERVICES LIMITED
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Statement of group's objectives

The directors believe that success in any company can be achieved only if every employee understands and supports the objectives which the company, and each individual in it, is striving to attain.

These objectives are not necessarily of equal importance and at different times some may require more attention than others.

1. To increase profitability and earnings per share each year through greater efficiency and sales.
2. To continue to provide services of the highest professional standards and to give the utmost consideration to the needs and interests of our customers.
3. To pay the best wages and salary rates we can afford, and to ensure job satisfaction for all employees through enlightened management. To improve working conditions wherever possible and to take all appropriate steps to ensure the health and safety of all employees. To promote the best possible human relations and a situation in which people really enjoy working for the group.
4. To remain an independent private group of companies with a distinctive personal culture and style.
5. To give executives, managers and supervisors the maximum freedom of action, and to encourage them to make the fullest use of it, so that they can personally influence profits.
6. To encourage participation by keeping employees informed of policy, progress and problems, to invite comments and criticisms and to show everyone how individual effort contributes to the group's success.
7. To be flexible and not depend too much on any one service, customer or market. Whilst building on our strengths to be sensitive to market needs and trends within the Direct Marketing arena and to ensure our services develop to maintain our position.
8. To promote job security and to avoid compulsory redundancy by careful forward planning and by the early recognition of the effects of change.
9. To train and develop all employees and to promote from within whenever possible.
10. To preserve the quality of life and the environment and to benefit the local community whenever and wherever the group can afford to do so.

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Report of the directors
for the year ended 31 December 1994

1 The directors present their report and the audited financial statements for the year ended 31 December 1994.

Principal activities

2 The principal activity of the group is the provision of direct marketing and distribution services.

Review of business and future developments

3 The consolidated profit and loss account for the year is set out on page 5. On 17 March 1995 the company was renamed ADM Group Mailing Services Limited.

The directors are pleased with the trading performance of the group, including the increases achieved in turnover and in profits before taxation. The consolidated balance sheet reveals the group's continued investment in automated plant and machinery.

The directors believe that the group is now poised to build on its investments through internal organic growth, and growth through acquisitions of businesses which have a good fit with the group's range of services and geographic spread. Since the year end, the new Midland Mailing Centre has commenced operations, and Arrow Direct Mail Limited has been acquired. Management focus on tight cost control and target profitability levels will continue.

During the year, the boards of trading companies within the group have been enlarged to give further strength at operating level. Long-term plans include a key objective for the group of developing a nationwide professional service in direct marketing and distribution.

Dividends

4 An interim dividend of £15,000 (1993-£20,000) was paid on 31 December 1994. The directors do not recommend payment of a final dividend in respect of the year ended 31 December 1994.

Directors

5 The directors of the company at 31 December 1994, all of whom have been directors for the whole of the year ended on that date, unless stated otherwise, were:-

PR Ruffle
CA Ruffle
RJL Brown (appointed 1 July 1994)

Changes in fixed assets

6 The movements in fixed assets during the year are set out in note 9 to the financial statements.

Directors' interests in shares of ADM Group Mailing Services Limited

7 The interests of the directors of ADM Group Mailing Services Limited at 31 December 1994 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	<u>Ordinary shares of £1 each</u>	
	<u>1994</u>	<u>1993</u>
PR Ruffle	5,000	5,000
CA Ruffle	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

Political and charitable donations

8 Contributions made by the group for charitable purposes amounted to £3,163. There were no political contributions.

Close company provisions

9 The close company provisions of the Income and Corporation Taxes Act 1988 do apply to the group. There has been no change in this respect since the end of the financial year.

Auditor

10 A resolution to reappoint the auditor, Lloyd Evans, will be proposed at the annual general meeting.

Statement of directors' responsibilities

11 The group's directors are required by UK Company Law to prepare financial statements which give a true and fair view of the state of affairs of the group as at the end of the financial year, and of the profit or loss for that year. They are also responsible for ensuring that adequate accounting records have been maintained and that proper procedures have been followed for safeguarding the group's assets and for preventing and detecting fraud and other irregularities. Appropriate accounting policies, which comply with accounting standards, follow generally accepted accounting practice and which are explained in the notes to the financial statements, have been applied consistently. In addition, reasonable and prudent judgements and estimates have been used in the preparation of the accounts.

BY ORDER OF THE BOARD

C.A. Ruffle

Secretary

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditor

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 judgments 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 affairs of the company and the group as at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditor
BRISTOL,

7 April 1995

ADM GROUP MAILING SERVICES LIMITED
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Consolidated profit and loss account
for the year ended 31 December 1994

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
Turnover	2	4,536,935	3,431,863
Cost of sales		(3,200,399)	(2,321,060)
Gross profit		1,336,536	1,110,803
Net operating expenses	3	(1,192,575)	(1,008,132)
Operating profit	4	143,961	102,671
Other interest receivable and similar income		1,722	507
Interest payable and similar charges	6	(21,879)	(15,900)
Profit on ordinary activities before taxation		123,804	87,278
Tax on profit on ordinary activities	7	(38,068)	(25,388)
Profit on ordinary activities after taxation		85,736	61,890
Dividends	16	(15,000)	(20,000)
Retained profit for the year		70,736	41,890
Retained profits brought forward		121,262	87,730
Transfer of realised profit	18	14,000	-
Capitalisation on consolidation		-	(7,998)
Retained profits carried forward		205,998	121,262

Turnover and operating profit for the year arose wholly from continuing operations.


ADM GROUP MAILING SERVICES LIMITED
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Consolidated balance sheet - 31 December 1994

	Notes	<u>1994</u>		<u>1993</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9(a)		611,631		485,722
CURRENT ASSETS					
Stocks	11	84,313		61,684	
Debtors	12	580,079		497,589	
Cash at bank and in hand		26,550		49,597	
			690,942		608,870
CREDITORS: amounts falling due within one year	13	(746,463)		(692,981)	
NET CURRENT LIABILITIES			(55,521)		(84,111)
Total assets less current liabilities			556,110		401,611
CREDITORS: amounts falling due after more than one year	14		(183,335)		(106,174)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17		(30,302)		(23,700)
			342,473		271,737
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Revaluation reserve	18		126,000		140,000
Profit and loss account			205,998		121,262
Share premium account	20		475		475
			342,473		271,737

Approved by the board on 7th April '95 and signed on its behalf by:



- Director
PR Ruffle

ADM GROUP MAILING SERVICES LIMITED
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Company balance sheet - 31 December 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	9(b)	13,329	26,925
Investments	10	39,998	39,998
		<u>53,327</u>	<u>66,923</u>
CURRENT ASSETS			
Debtors	12	37,025	16,415
Cash at bank and in hand		4,703	4,495
		<u>41,728</u>	<u>20,910</u>
CREDITORS: amounts falling due within one year	13	<u>(83,343)</u>	<u>(72,136)</u>
NET CURRENT LIABILITIES		<u>(41,615)</u>	<u>(51,226)</u>
Total assets less current liabilities		<u>11,712</u>	<u>15,697</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	17(c)	(932)	-
		<u>10,780</u>	<u>15,697</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Profit and loss account		780	5,697
		<u>10,780</u>	<u>15,697</u>

Approved by the board on 7th April 95 and signed on its behalf by:

 - Director
PR Ruffle

ADM GROUP MAILING SERVICES LIMITED
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Year ended 31 December 1994

<u>Statement of total recognised gains and losses</u>	<u>1994</u> £	<u>1993</u> £
Profit for the year after taxation	85,736	61,890
Unrealised surplus on revaluation of plant and equipment	-	140,000
Total recognised gains and losses relating to the year	<u>85,736</u>	<u>201,890</u>
 <u>Notes on historical cost profits and losses</u>	 <u>1994</u> £	 <u>1993</u> £
Reported profit on ordinary activities before taxation	123,804	87,278
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	14,000	-
Historical cost profit on ordinary activities before taxation	<u>137,804</u>	<u>87,278</u>
 Historical cost profit for the year retained	 <u>84,736</u>	 <u>41,890</u>
 <u>Reconciliation of movements in shareholders' funds</u>	 <u>1994</u> £	 <u>1993</u> £
Profit for the year	85,736	61,890
Dividends paid	(15,000)	(20,000)
Issue of ordinary shares	-	9,000
Capitalisation on consolidation	-	(7,998)
Other recognised gains and losses relating to the year:		
Revaluation of plant and equipment	-	140,000
Net addition to shareholders' funds	70,736	182,892
Opening shareholders' funds	<u>271,737</u>	<u>88,845</u>
Closing shareholders' funds	<u>342,473</u>	<u>271,737</u>

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Consolidated cashflow statement
for the year ended 31 December 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£ £	£ £
Net cash inflow from operating activities	21	167,064	217,337
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		1,722	507
Interest paid - loans		(12,367)	(13,397)
Interest paid - hire purchase, finance leases		(9,512)	(2,503)
Dividend paid		(15,500)	(22,000)
		<hr/>	<hr/>
Net cash outflow from returns on investments & servicing of finance		(35,657)	(37,393)
TAXATION			
Corporation tax paid		(6,974)	(19,344)
ACT paid		(5,806)	-
		<hr/>	<hr/>
Total tax paid		(12,780)	(19,344)
INVESTING ACTIVITIES			
Payments to acquire fixed assets		(56,348)	(118,802)
Proceeds from sale of fixed assets		22,100	9,422
		<hr/>	<hr/>
Net cash outflow from investing activities		(34,248)	(109,380)
Net cash inflow before financing		84,379	51,220
FINANCING			
Payment for ordinary share capital		-	2
Bank loan repayments	23	(21,039)	(22,288)
Hire purchase & finance lease repayments		(59,222)	(24,840)
New loans	23	31,575	-
Loan from director		-	20
		<hr/>	<hr/>
Net cash outflow from financing		(48,686)	(47,106)
Increase in cash & cash equivalents	22	<hr/> 35,693 <hr/>	<hr/> 4,114 <hr/>

ADM GROUP MAILING SERVICES LIMITED
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Notes to the financial statements - 31 December 1994

Principal accounting policies

- 1 The financial statements have been prepared in accordance with applicable Accounting Statements in the United Kingdom. A summary of the more important accounting policies of the group, which have been applied consistently, is set out below.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

(b) Fixed assets

Fixed assets are stated at their purchase price or revalued amount, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Short leasehold improvements	life of lease
Plant and equipment	10
Fixtures and fittings	20
Motor vehicles	25

No depreciation is charged on fixed assets in the year of acquisition or disposal.

(c) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services (including postage) supplied.

Notes to the financial statements - 31 December 1994 - continued

(d) Taxation

The charge for taxation is based on the result for the period as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

(e) Finance and operating leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

(f) Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held in an independently administered fund. The pension cost charged annually in these accounts as part of employment costs comprise current service contributions.

(g) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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Notes to the financial statements - 31 December 1994 - continued

(h) Comparatives

The comparative figures include amounts for ADMS Mailing Centre Limited for the period 11 November 1992 to 31 December 1993, however, this company did not commence trading until 9 July 1993. Similarly the amounts for ADM Group Mailing Services Limited are for the period 15 July 1992 to 31 December 1993 and this company did not commence trading until 1 July 1993.

(i) Basis of consolidation

The consolidated financial statements include the company and all its subsidiary undertakings. Merger accounting has been used to consolidate the accounts. This is considered appropriate due to the fact that shareholdings in the subsidiary companies were transferred to a new holding company as part of a group reconstruction.

2	<u>Turnover</u>	<u>1994</u> £	<u>1993</u> £
	By activity:		
	Sales and services	1,774,466	1,313,856
	Polythene	129,431	126,250
	Stationery and printing	456,446	238,134
	Postage and carriage	2,176,592	1,753,623
		<u>4,536,935</u>	<u>3,431,863</u>

All turnover arose in the United Kingdom.

3	<u>Net operating expenses</u>	<u>1994</u> £	<u>1993</u> £
	Net operating expenses are made up as follows:-		
	Administrative expenses	<u>1,192,575</u>	<u>1,008,132</u>

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Notes to the financial statements - 31 December 1994 - continued

4	<u>Operating profit</u>	<u>1994</u>	<u>1993</u>
		£	£
	Consolidated operating profit is stated after charging:-		
	Directors' emoluments	138,554	81,030
	Auditor's remuneration - company	1,000	1,800
	- group	5,800	7,400
	Hire of plant and machinery	163,531	166,356
	Other operating leases	122,638	94,864
	Depreciation of tangible fixed assets	87,546	54,530
		<u> </u>	<u> </u>

5 Employee information

- (a) The average number of persons employed by the group, including executive directors, during the year is analysed below:

	<u>1994</u>	<u>1993</u>
Production	97	98
Administration	14	13
Selling	3	3
	<u> </u>	<u> </u>
	114	114
	<u> </u>	<u> </u>

- (b) Group employment costs - all employees including executive directors:-

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	978,340	780,881
Social security costs	79,079	63,928
Other pension costs	25,503	14,482
	<u> </u>	<u> </u>
Total direct costs of employment	1,082,922	859,291
	<u> </u>	<u> </u>

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Notes to the financial statements - 31 December 1994 - continued

5 Employee information - continued

(c) <u>Directors' emoluments</u>	<u>1994</u>	<u>1993</u>
	£	£
Emoluments including pension contributions:		
For management services - Holding company	92,057	29,173
- Subsidiary companies	46,497	51,857
	<u>138,554</u>	<u>81,030</u>

Directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contributions, are as follows:

	£	£
Emoluments of the chairman and highest paid director:		
Holding company	42,204	17,585
Subsidiary companies	-	25,493
	<u>42,204</u>	<u>43,078</u>

Number of directors (including the chairman and highest paid director) whose emoluments were within the ranges:

£ 10,001 - £ 15,000	2	-
£ 20,001 - £ 25,000	1	-
£ 25,001 - £ 30,000	1	1
£ 40,001 - £ 45,000	1	1

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Notes to the financial statements - 31 December 1994 - continued

6	<u>Interest payable and similar charges</u>	<u>1994</u>	<u>1993</u>
		£	£
	Interest payable on:		
	Bank loan and overdraft repayable within five years	12,367	13,397
	Finance leases, including hire purchase contracts of a financing nature	9,512	2,503
		<u>21,879</u>	<u>15,900</u>

7	<u>Tax on profit on ordinary activities - group</u>	<u>1994</u>	<u>1993</u>
		£	£
	United Kingdom corporation tax at 25% (1993-25%)	31,997	13,312
	Deferred tax	6,602	11,900
	(Over)/underprovision in respect of prior year	(531)	176
		<u>38,068</u>	<u>25,388</u>

8 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Holding company's profit for the financial year	10,083	54,193
Retained by subsidiary undertakings	75,653	7,697
	<u>85,736</u>	<u>61,890</u>

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Notes to the financial statements - 31 December 1994 - continued

9(a) Tangible fixed assets - group

	<u>Short leasehold improvements</u>	<u>Plant & equipment</u>	<u>Fixtures, fittings & office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost or revalued amount</u>					
At 1 January 1994	70,172	608,946	123,855	98,008	900,981
Additions	-	164,586	11,283	64,898	240,767
Disposals	-	(10,387)	(212)	(20,883)	(31,482)
At 31 December 1994	70,172	763,145	134,926	142,023	1,110,266
<u>Depreciation</u>					
At 1 January 1994	30,356	243,863	97,951	43,089	415,259
Charge for year	4,284	56,107	12,732	14,423	87,546
Disposals	-	-	-	(4,170)	(4,170)
At 31 December 1994	34,640	299,970	110,683	53,342	498,635
<u>Net book value</u>					
At 31 December 1994	35,532	463,175	24,243	88,681	611,631
At 31 December 1993	39,816	365,083	25,904	54,919	485,722

Included in tangible fixed assets at 31 December 1994 are assets with a net book value of £300,406 (1993-£96,414) held under finance leases and hire purchase contracts. Depreciation charged on these assets during the year was £14,051 (1993-£Nil).

The non Pitney Bowes plant and equipment acquired by the group as a result of the acquisition of the distribution centre from Thorn EMI UK Rental Limited, was revalued during 1993 by Edward Symmons & Partners, Valuers and Auctioneers, on the basis of net current replacement cost. The Pitney Bowes equipment was revalued during 1993 by Mr RH Blume, Managing Director of Unimailer Limited, specialists in mailing and paper handling systems, on the basis of current market value.

The historical cost of plant and equipment is £623,145 (1993-£468,946) and the historical cost net book value is £337,175 (1993-£225,083).

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Notes to the financial statements - 31 December 1994 - continued

9(b) Tangible fixed assets - company

	<u>Plant & machinery</u>	<u>Motor vehicles</u>	<u>Fixtures & fittings</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
At 1 January 1994	5,238	10,920	10,767	26,925
Additions	-	-	-	-
Disposals	-	(10,920)	-	(10,920)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	5,238	-	10,767	16,005
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1 January 1994	-	-	-	-
Charge for year	523	-	2,153	2,676
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	523	-	2,153	2,676
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book value</u>				
At 31 December 1994	4,715	-	8,614	13,329
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	5,238	10,920	10,767	26,925
	<hr/>	<hr/>	<hr/>	<hr/>

10 Investments

- (a) In the opinion of the directors, the aggregate value of the assets consisting of shares in the subsidiary companies is not less than the aggregate of the amounts at which those assets are stated in the balance sheet.

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Notes to the financial statements - 31 December 1994 - continued

10 Investments - continued

(b) <u>Shares in subsidiary companies:</u>	<u>1994</u> £	<u>1993</u> £
ADMS Mailing Centre Limited		
- 31,000 £1 ordinary shares	31,000	31,000
Avon Direct Mail Services Limited		
- 1,000 £1 ordinary shares	8,998	8,998
	<u>39,998</u>	<u>39,998</u>

<u>Company</u>	<u>Shares held</u>	<u>Proportion of nominal value & voting rights held</u>	<u>Nature of business</u>
ADMS Mailing Centre Ltd	£1 ordinary	100%	Direct Marketing
Avon Direct Mail Services Ltd	£1 ordinary	100%	Direct Marketing

All of the above companies are incorporated and operating in England.

11 Stocks and work in progress

	<u>Group</u> <u>1994</u> £	<u>1993</u> £
Raw materials, consumables and work in progress	84,313	61,684
Total stocks at historical cost	<u>84,313</u>	<u>61,684</u>

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Notes to the financial statements - 31 December 1994 - continued

12	<u>Debtors</u>	<u>Group</u>		<u>Company</u>	
		<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
		£	£	£	£
	<u>Amounts falling due within one year:</u>				
	Trade debtors	487,984	426,543	-	-
	Amounts owed by subsidiary undertakings	-	-	33,099	16,415
	Other debtors	46,777	41,874	3,750	-
	Called up share capital not paid	1,000	1,000	-	-
	Prepayments and accrued income	44,318	28,172	176	-
		<u>580,079</u>	<u>497,589</u>	<u>37,025</u>	<u>16,415</u>
13	<u>Creditors: amounts falling due within one year</u>	<u>Group</u>		<u>Company</u>	
		<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
		£	£	£	£
	Bank loan and overdraft (see (a) below)	28,730	90,763	-	-
	Trade creditors	317,447	246,664	4,166	957
	Amounts owed to subsidiary undertakings	-	-	32,459	29,420
	Hire purchase creditors	90,827	28,962	-	-
	Other creditors	99,088	124,622	7,518	8,018
	Taxation and social security costs (see (b) below)	129,001	78,664	17,645	11,386
	Called up share capital not paid	-	-	20,555	20,555
	Accruals	81,370	123,306	1,000	1,800
		<u>746,463</u>	<u>692,981</u>	<u>83,343</u>	<u>72,136</u>

- (a) The bank overdraft and loan are secured by a mortgage debenture incorporating a specific equitable charge over the group's short leasehold premises. The bank loan is repayable on demand. Interest is charged at 12.9% fixed over 3 years.

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Notes to the financial statements - 31 December 1994 - continued

13 Creditors: amounts falling due within one year - continued

(b) "Taxation and social security" is analysed as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Advance corporation tax	3,750	5,807	3,750	581
PAYE and social security	29,820	23,892	3,944	3,407
United Kingdom corporation tax	31,997	7,505	5,618	1,269
Value Added Tax	63,434	41,460	4,333	6,129
	<u>129,001</u>	<u>78,664</u>	<u>17,645</u>	<u>11,386</u>

14 Creditors: amounts falling due after more than one year

	<u>Group</u>	
	<u>1994</u>	<u>1993</u>
	£	£
Bank loan	73,829	60,000
Hire purchase creditors	109,506	46,174
	<u>183,335</u>	<u>106,174</u>

The bank loan is repayable within five years.

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Notes to the financial statements - 31 December 1994 - continued

15	<u>Called up share capital</u>	<u>Group and Company</u>	
		<u>Ordinary shares</u>	
		<u>of £1 each</u>	
		<u>1994</u>	<u>1993</u>
Authorised	- value	£ 10,000	£ 10,000
	- number	10,000	10,000
Allotted, called up and fully paid			
	- value	£ 10,000	£ 10,000
	- number	10,000	10,000
16	<u>Dividends</u>	<u>1994</u>	<u>1993</u>
		£	£
	Ordinary paid - £1.50 (1993-£2.00) per share	15,000	20,000

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Notes to the financial statements - 31 December 1994 - continued

17 Deferred taxation

(a) Analysis of provision and potential liability:-

	<u>Group</u>			
	<u>1994</u>		<u>1993</u>	
	Full potential liability £	Provision made £	Full potential liability £	Provision made £
Accelerated capital allowances	30,302	30,302	23,700	23,700
On equipment revaluation	31,232	-	-	-
	<u>61,534</u>	<u>30,302</u>	<u>23,700</u>	<u>23,700</u>

A provision for deferred tax in respect of the revalued equipment is not considered necessary.

(b) Movements on the provision for deferred taxation are as follows:-

	<u>1994</u> £
At 1 January 1994	23,700
Transferred from profit and loss account	6,602
At 31 December 1994	<u>30,302</u>

(c) Deferred taxation for the company of £932 (1993 - £Nil) is in respect of accelerated capital allowances and has been provided in full.

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Notes to the financial statements - 31 December 1994 - continued

18	<u>Revaluation reserve - group</u>	<u>1994</u> £
	At 1 January 1994	140,000
	Transfer of realised profit	(14,000)
	At 31 December 1994	<u>126,000</u>

19 Commitments under operating leases

As at 31 December 1994, the group had annual commitments under non-cancellable operating leases as set out below:

	<u>Group</u>			
	<u>Land and Buildings</u>		<u>Equipment</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Operating leases which expire:				
Within one year	12,800	-	36,184	30,677
After one and before five years	-	51,300	139,097	142,162
In over five years	71,338	71,338	-	-
	<u>84,138</u>	<u>122,638</u>	<u>175,281</u>	<u>172,839</u>

As at 31 December 1994 the company has no annual commitments under non-cancellable operating leases (1993-£Nil).

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Notes to the financial statements - 31 December 1994 - continued

20	<u>Share premium account</u>	<u>1994</u> £
	At 1 January 1994 and 31 December 1994	<u>475</u>

21	<u>Reconciliation of operating profit to net cash inflow from operating activities</u>				
		<u>1994</u>		<u>1993</u>	
		£	£	£	£
	Operating profit		143,961		102,671
	Depreciation charges	87,546		54,530	
	Loss on disposal	5,213		946	
	(Increase)/decrease in stock	(22,629)		2,607	
	Increase in debtors	(78,740)		(96,383)	
	Increase in creditors	31,713		152,966	
		<u>23,103</u>		<u>114,666</u>	
	Net cash inflow from operating activities	<u>167,064</u>		<u>217,337</u>	

22	<u>Analysis of changes in cash and cash equivalents</u>				
		<u>Cash</u>	<u>Current</u>	<u>Deposit</u>	<u>Net</u>
		£	£	£	£
	Balance at 1 January 1993	1,136	(23,627)	-	(22,491)
	Net cash inflow/(outflow)	909	(37,433)	40,638	4,114
		<u>2,045</u>	<u>(61,060)</u>	<u>40,638</u>	<u>(18,377)</u>
	Balance at 31 December 1993	2,045	(61,060)	40,638	(18,377)
	Net cash inflow/(outflow)	(1,104)	77,435	(40,638)	35,693
		<u>941</u>	<u>16,375</u>	<u>-</u>	<u>17,316</u>
	Balance at 31 December 1994	<u>941</u>	<u>16,375</u>	<u>-</u>	<u>17,316</u>

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Notes to the financial statements - 31 December 1994 - continued

23 Analysis of changes in financing during the year

	<u>Loans</u>		<u>Share capital and premium</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Balance at 1 January 1994	82,789	105,077	10,475	10,475
Cash outflow	(21,039)	(22,288)	-	-
Loan injection	31,575	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 1994	<u>93,325</u>	<u>82,789</u>	<u>10,475</u>	<u>10,475</u>