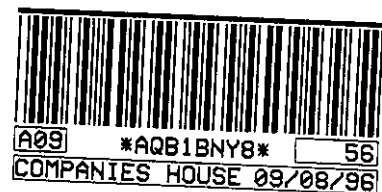


ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

FINANCIAL STATEMENTS
for the year ended 31 December 1995

Registered No: 2006058

LLOYD EVANS
Chartered Accountants
Oakfield Court
Oakfield Road
Clifton
Bristol
BS8 2BD



ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

Financial Statements for the year ended 31 December 1995

Contents

1	Statement of group's objectives
2 - 4	Report of the directors
5	Report of the auditor
6	Consolidated profit and loss account
7	Consolidated balance sheet
8	Company balance sheet
9	Statement of total recognised gains and losses
10	Consolidated cashflow statement
11 - 26	Notes to the financial statements

The following pages do not form part of the statutory financial statements

27 - 30	Detailed group profit and loss account
---------	--

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 company can afford to do so.

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

2

Report of the directors
for the year ended 31 December 1995

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

Principal activities

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

Chairman's Statement: Review of business and future developments

3 The consolidated profit and loss account for the year is set out on page 6. This year has proved to be an extremely exciting period for the company, as it moves towards the goals outlined in its Five Year Plan. These included the acquisition of two businesses, Peter Dix Associates and Arrow Direct Mail Limited, and the establishment of a new company in the West Midlands, Midland Mailing Centre Limited. In addition, ADMS Mailing Centre Limited has moved to larger premises to cope with the increased workload.

Group gross profit margins have been maintained at 1994 levels, although operating profit levels reflect additional one-off costs of acquisitions. Group fixed assets have improved from £611,000 in 1994 to £1.2 million in 1995, with acquisitions of fixed assets in the year exceeding £700,000, underlying the Group's commitment to investment for the future.

The business of Arrow Direct Mail was successfully amalgamated into Midland Mailing Centre Limited, and the main Board directors are presently considering further streamlining of the Group structure. Group policy is to build viable and self-sufficient business units to achieve long-term profitability through organic growth and profitable acquisitions, together with continued investment in appropriate technology to increase productivity and capacity. The management structure continues to be strengthened with appropriate Board appointments at operating company level.

During the annual audits, our accountants have highlighted the requirement under UITF Abstract 12 for Group companies to account for rent-free periods by making a notional charge to profit and loss to spread the benefit over an appropriate number of years. Without this notional book adjustment, the consolidated profit and loss account for the Group before taxation would have exceeded £110,000, which is a particularly encouraging result in a year which has seen so much change and a year-on-year increase in sales volumes of nearly 38 per cent.

Dividends

4 The directors do not recommend payment of a dividend in respect of the year ended 31 December 1995 (1994-£15,000).

Directors

5 The directors of the company at 31 December 1995, all of whom have been directors for the whole of the year ended on that date, were:-

PR Ruffle
CA Ruffle
RJB Brown

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 1995 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>1995</u>	<u>1994</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 £3,750 (1994-£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.

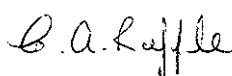
Auditor

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



CA Ruffle
Secretary

We have audited the financial statements on pages 6 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditor

As described on page 4 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 1995 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,

13 June 1996

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

6

Consolidated profit and loss account
for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover:			
Continuing operations		5,846,342	4,536,935
Acquisitions		354,632	-
	2	6,200,974	4,536,935
Cost of sales		(4,364,740)	(3,200,399)
Gross profit		1,836,234	1,336,536
Net operating expenses	3	(1,714,425)	(1,192,575)
Operating profit:			
Continuing operations		103,937	143,961
Acquisitions		17,872	-
	4	121,809	143,961
Other interest receivable and similar income		2,278	1,722
Interest payable and similar charges	6	(39,014)	(21,879)
Profit on ordinary activities before taxation		85,073	123,804
Tax on profit on ordinary activities	7	(26,155)	(38,068)
Profit on ordinary activities after taxation		58,918	85,736
Dividends	16	-	(15,000)
Retained profit for the year		58,918	70,736
Retained profits brought forward		205,998	121,262
Transfer of realised profit	18	14,000	14,000
Retained profits carried forward		278,916	205,998

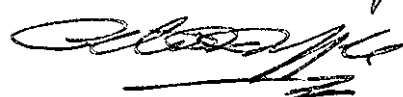
ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

7

Consolidated balance sheet - 31 December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Intangible assets	9(a)	32,223	-
Tangible assets	9(b)	1,211,058	611,631
		<u>1,243,281</u>	<u>611,631</u>
CURRENT ASSETS			
Stocks	11	110,255	84,313
Debtors	12	879,231	580,079
Cash at bank and in hand		91,855	26,550
		<u>1,081,341</u>	<u>690,942</u>
CREDITORS: amounts falling due within one year	13	(1,318,055)	(746,463)
NET CURRENT LIABILITIES		<u>(236,714)</u>	<u>(55,521)</u>
Total assets less current liabilities		<u>1,006,567</u>	<u>556,110</u>
CREDITORS: amounts falling due after more than one year	14	(482,758)	(183,335)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	(40,244)	(30,302)
ACCRUALS AND DEFERRED INCOME			
Deferred income	24	(82,174)	-
		<u>(605,176)</u>	<u>(213,637)</u>
		<u>401,391</u>	<u>342,473</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Revaluation reserve	18	112,000	126,000
Profit and loss account		278,916	205,998
Share premium account	20	475	475
		<u>401,391</u>	<u>342,473</u>

Approved by the board on 12th June 1996 and signed on its behalf by:



- Director


ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

8

Company balance sheet - 31 December 1995

	<u>Notes</u>	<u>1995</u>		<u>1994</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9(c)		74,688		13,329
Investments	10		65,998		39,998
			<u>140,686</u>		<u>53,327</u>
CURRENT ASSETS					
Debtors	12	137,464		37,025	
Cash at bank and in hand		80,793		4,703	
		<u>218,257</u>		<u>41,728</u>	
CREDITORS: amounts falling due within one year	13	<u>(110,099)</u>		<u>(83,343)</u>	
NET CURRENT ASSETS/ LIABILITIES			<u>108,158</u>		<u>(41,615)</u>
Total assets less current liabilities			248,844		11,712
CREDITORS: amounts falling due after more than one year	14	(205,414)		-	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	17(c)	<u>(3,184)</u>		<u>(932)</u>	
			<u>(208,598)</u>		<u>(932)</u>
			<u>40,246</u>		<u>10,780</u>
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Profit and loss account			30,246		780
			<u>40,246</u>		<u>10,780</u>

Approved by the board on 12th June '96 and signed on its behalf by:

- Director 

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

9

Year ended 31 December 1995

Statement of total recognised gains and losses

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Profit for the year after taxation	58,918	85,736	29,466	10,083
Total recognised gains and losses relating to the year	<u>58,918</u>	<u>85,736</u>	<u>29,466</u>	<u>10,083</u>

Notes on historical cost profits and losses

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Reported profit on ordinary activities before taxation	85,073	123,804	42,661	16,522
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	14,000	14,000	-	-
Historical cost profit on ordinary activities before taxation	<u>99,073</u>	<u>137,804</u>	<u>42,661</u>	<u>16,522</u>
Historical cost profit/(loss) for the year retained	<u>72,918</u>	<u>84,736</u>	<u>29,466</u>	<u>(4,917)</u>

Reconciliation of movements in shareholders' funds

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Profit for the year	58,918	85,736	29,466	10,083
Dividends paid	-	(15,000)	-	(15,000)
Net addition/(reduction) to shareholders' funds	58,918	70,736	29,466	(4,917)
Opening shareholders' funds	342,473	271,737	10,780	15,697
Closing shareholders' funds	<u>401,391</u>	<u>342,473</u>	<u>40,246</u>	<u>10,780</u>

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

10

Consolidated cashflow statement
for the year ended 31 December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£ £	£ £
Net cash inflow from operating activities	21	165,599	167,064
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		2,278	1,722
Interest paid - loans		(19,590)	(12,367)
Interest paid - hire purchase, finance leases		(19,425)	(9,512)
Dividend paid		(7,500)	(15,500)
		<hr/>	<hr/>
Net cash outflow from returns on investments & servicing of finance		(44,237)	(35,657)
TAXATION			
Corporation tax paid		(28,246)	(6,974)
ACT paid		(3,750)	(5,806)
		<hr/>	<hr/>
Total tax paid		(31,996)	(12,780)
INVESTING ACTIVITIES			
Payments to acquire fixed assets		(310,230)	(56,348)
Proceeds from sale of fixed assets		13,513	22,100
Other loans		(2,600)	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(299,317)	(34,248)
Net cash (outflow)/inflow before financing		(209,951)	84,379
FINANCING			
Government grants		82,174	-
Bank loan repayments	23	(98,502)	(21,039)
Hire purchase & finance lease repayments		(135,653)	(59,222)
New loans - bank	23	200,000	31,575
Deposits received		21,348	-
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing		69,367	(48,686)
(Decrease)/increase in cash & cash equivalents	22	<u>(140,584)</u>	<u>35,693</u>

Notes to the financial statements - 31 December 1995

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) Intangible fixed assets

Purchased goodwill being the difference between the purchase consideration and the fair value of separable net assets acquired is amortised in equal annual instalments over 10 years from 1995 which is the directors estimate of its useful life.

(c) 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.

(d) 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 1995 - continued

(e) Taxation

The charge for taxation is based on the result for the year 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.

(f) 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.

(g) 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.

(h) 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.

(i) Government grants

Grants related to expenditure on tangible fixed assets are credited to profit over a period approximating to the lives of the qualifying assets. The grants shown in the balance sheet consist of total grants receivable to date less the amounts so far credited to profit.

Notes to the financial statements - 31 December 1995 - continued

(j) 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 the entire share capital of ADMS Mailing Centre Limited and Avon Direct Mail Services Limited was transferred to a new holding company as part of a group reconstruction in 1993. Midland Mailing Centre and Shire International Mailing Limited both commenced trading during 1995.

2	<u>Turnover</u>	<u>1995</u>	<u>1994</u>
		£	£
	By activity:		
	Sales and services	2,562,643	1,774,466
	Polythene	159,146	129,431
	Stationery and printing	624,424	456,446
	Postage and carriage	2,854,761	2,176,592
		<u>6,200,974</u>	<u>4,536,935</u>

All turnover arose in the United Kingdom.

3	<u>Net operating expenses</u>	<u>1995</u>	<u>1994</u>
		£	£
	Net operating expenses are made up as follows:-		
	Administrative expenses:		
	Continuing operations	1,321,467	993,245
	Acquisitions	79,400	-
		<u>1,400,867</u>	<u>993,245</u>
	Establishment expenses:		
	Continuing operations	299,963	199,330
	Acquisitions	13,595	-
		<u>313,558</u>	<u>199,330</u>
		<u>1,714,425</u>	<u>1,192,575</u>

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

14

Notes to the financial statements - 31 December 1995 - continued

4	<u>Operating profit</u>	<u>1995</u> £	<u>1994</u> £
	Consolidated operating profit is stated after charging:-		
	Auditor's remuneration - company	1,250	1,000
	- group	8,150	5,800
	Hire of plant and machinery	248,088	163,531
	Other operating leases	184,579	122,638
	Depreciation of tangible fixed assets	93,060	87,546
	Amortisation of goodwill	1,696	-
	Loss on disposal of investment	4,551	-
	(Profit)/loss on disposal of fixed assets	(420)	5,213
		<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>1995</u>	<u>1994</u>
Production	177	97
Administration	16	14
Selling	3	3
	<u> </u>	<u> </u>
	196	114
	<u> </u>	<u> </u>

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

	<u>1995</u> £	<u>1994</u> £
Wages and salaries	1,578,371	978,340
Social security costs	123,091	79,079
Other pension costs	32,424	25,503
	<u> </u>	<u> </u>
Total direct costs of employment	1,733,886	1,082,922
	<u> </u>	<u> </u>

Notes to the financial statements - 31 December 1995 - continued

5 Employee information - continued

(c) <u>Directors' emoluments</u>	<u>1995</u> £	<u>1994</u> £
Emoluments including pension contributions:		
For management services - Holding company	106,903	92,057
- Subsidiary companies	37,319	46,497
	<u>144,222</u>	<u>138,554</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	47,570	42,204
Subsidiary companies	9,583	-
	<u>57,153</u>	<u>42,204</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
£ 30,001 - £ 35,000	2	-
£ 40,001 - £ 45,000	-	1
£ 55,001 - £ 60,000	1	-

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

16

Notes to the financial statements - 31 December 1995 - continued

6	<u>Interest payable and similar charges</u>	<u>1995</u>	<u>1994</u>
		£	£
	Interest payable on:		
	Bank loan and overdraft repayable within five years	19,590	12,367
	Finance leases, including hire purchase contracts of a financing nature	19,424	9,512
		<u>39,014</u>	<u>21,879</u>

7	<u>Tax on profit on ordinary activities - group</u>	<u>1995</u>	<u>1994</u>
		£	£
	United Kingdom corporation tax at 25% (1994-25%)	16,213	31,997
	Deferred tax	9,942	6,602
	Over provision in respect of prior year	-	(531)
		<u>26,155</u>	<u>38,068</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>1995</u>	<u>1994</u>
	£	£
Holding company's profit for the financial year	29,466	10,083
Retained by subsidiary undertakings	29,452	75,653
	<u>58,918</u>	<u>85,736</u>

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

17

Notes to the financial statements - 31 December 1995 - continued

9(a)	<u>Intangible fixed assets</u>					<u>Goodwill</u>
						£
	<u>Cost</u>					
	At 1 January 1995					-
	Addition					33,919
	At 31 December 1995					33,919
	<u>Amortisation</u>					
	At 1 January 1995					-
	Charge for year					1,696
	At 31 December 1995					1,696
	<u>Net book value</u>					
	At 31 December 1995					32,223
9(b)	<u>Tangible fixed assets - group</u>					
	<u>Short</u>	<u>Plant &</u>	<u>Fixtures,</u>			
	<u>leasehold</u>	<u>equipment</u>	<u>fittings &</u>			
	<u>improvements</u>		<u>office</u>	<u>Motor</u>	<u>Total</u>	
	£	£	£	vehicles	£	
				£		
	<u>Cost or revalued amount</u>					
	At 1 January 1995	70,172	763,145	134,926	142,023	1,110,266
	Additions	-	468,204	124,378	112,998	705,580
	Disposals	-	(12,250)	(243)	(6,880)	(19,373)
	At 31 December 1995	70,172	1,219,099	259,061	248,141	1,796,473
	<u>Depreciation</u>					
	At 1 January 1995	34,640	299,970	110,683	53,342	498,635
	Charge for year	4,284	57,348	10,889	20,539	93,060
	Disposals	-	-	-	(6,280)	(6,280)
	At 31 December 1995	38,924	357,318	121,572	67,601	585,415
	<u>Net book value</u>					
	At 31 December 1995	31,248	861,781	137,489	180,540	1,211,058
	At 31 December 1994	35,532	463,175	24,243	88,681	611,631

Notes to the financial statements - 31 December 1995 - continued

9(b) Tangible fixed assets - group - continued

Included in tangible fixed assets at 31 December 1995 are assets with a net book value of £708,513 (1994-£300,406) held under finance leases and hire purchase contracts. Depreciation charged on these assets during the year was £42,735 (1994-£14,051).

The historical cost of plant and equipment is £1,079,099 (1994-£623,145) and the historical cost net book value is £749,781 (1994-£337,175). The revaluation of plant and equipment took place during 1993.

9(c) 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 1995	5,238	-	10,767	16,005
Additions	1,131	62,904	-	64,035
At 31 December 1995	<u>6,369</u>	<u>62,904</u>	<u>10,767</u>	<u>80,040</u>
<u>Depreciation</u>				
At 1 January 1995	523	-	2,153	2,676
Charge for year	523	-	2,153	2,676
At 31 December 1995	<u>1,046</u>	<u>-</u>	<u>4,306</u>	<u>5,352</u>
<u>Net book value</u>				
At 31 December 1995	<u>5,323</u>	<u>62,904</u>	<u>6,461</u>	<u>74,688</u>
At 31 December 1994	<u>4,715</u>	<u>-</u>	<u>8,614</u>	<u>13,329</u>

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.

ADM GROUP MAILING SERVICES LIMITED
(and its subsidiary companies)

19

Notes to the financial statements - 31 December 1995 - continued

10 Investments - continued

(b) <u>Shares in subsidiary companies:</u>	<u>1995</u> £	<u>1994</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
Shire International Mailing Limited		
- 1,000 £1 ordinary shares	1,000	-
Midland Mailing Centre Limited		
- 25,000 £1 ordinary shares	25,000	-
	<u>65,998</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
Shire International Mailing Ltd	£1 ordinary	100%	Direct Marketing
Midland Mailing Centre Ltd	£1 ordinary	100%	Direct Marketing

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

11 Stocks and work in progress

	<u>Group</u> <u>1995</u> £	<u>1994</u> £
Raw materials, consumables and work in progress	110,255	84,313
Total stocks at historical cost	<u>110,255</u>	<u>84,313</u>

Notes to the financial statements - 31 December 1995 - continued

12	<u>Debtors</u>	<u>Group</u>		<u>Company</u>	
		<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
		£	£	£	£
	<u>Amounts falling due within one year:</u>				
	Trade debtors	782,881	487,984	-	-
	Amounts owed by subsidiary undertakings	-	-	126,864	33,099
	Other debtors	22,100	46,777	2,600	3,750
	Called up share capital not paid	1,000	1,000	-	-
	Prepayments and accrued income	73,250	44,318	8,000	176
		<u>879,231</u>	<u>580,079</u>	<u>137,464</u>	<u>37,025</u>
13	<u>Creditors: amounts falling due within one year</u>	<u>Group</u>		<u>Company</u>	
		<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
		£	£	£	£
	Bank loan and overdraft (see (a) below)	234,080	28,730	18,960	-
	Trade creditors	533,986	317,447	706	4,166
	Amounts owed to subsidiary undertakings	-	-	15,941	32,459
	Hire purchase creditors	185,096	90,827	19,364	-
	Other creditors	133,473	99,088	18	7,518
	Taxation and social security costs (see (b) below)	114,109	129,001	27,370	17,645
	Called up share capital not paid	-	-	20,555	20,555
	Accruals	117,311	81,370	7,185	1,000
		<u>1,318,055</u>	<u>746,463</u>	<u>110,099</u>	<u>83,343</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 within five years.

Notes to the financial statements - 31 December 1995 - 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>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Advance corporation tax	-	3,750	-	3,750
PAYE and social security	53,969	29,820	6,861	3,944
United Kingdom corporation tax	16,213	31,997	10,943	5,618
Value Added Tax	43,927	63,434	9,566	4,333
	<u>114,109</u>	<u>129,001</u>	<u>27,370</u>	<u>17,645</u>

14 Creditors: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Bank loan (see (a) above)	175,864	73,829	175,864	-
Hire purchase creditors	306,894	109,506	29,550	-
	<u>482,758</u>	<u>183,335</u>	<u>205,414</u>	<u>-</u>

Notes to the financial statements - 31 December 1995 - continued

15	<u>Called up share capital</u>	<u>Group and Company</u>	
		<u>Ordinary shares</u> <u>of £1 each</u>	
		<u>1995</u>	<u>1994</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>1995</u>	<u>1994</u>
		£	£
	Ordinary paid - £Nil (1994-£1.50) per share	-	15,000

Notes to the financial statements - 31 December 1995 - continued

17 Deferred taxation

(a) Analysis of provision and potential liability:-

	<u>Group</u>			
	<u>1995</u>		<u>1994</u>	
	Full potential liability	Provision made	Full potential liability	Provision made
	£	£	£	£
Accelerated capital allowances	40,244	40,244	30,302	30,302
On equipment revaluation	27,466	-	31,232	-
	<u>67,710</u>	<u>40,244</u>	<u>61,534</u>	<u>30,302</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>1995</u> £
At 1 January 1995	30,302
Transferred from profit and loss account	<u>9,942</u>
At 31 December 1995	<u>40,244</u>

(c) Deferred taxation for the company of £3,184 (1994-£932) is in respect of accelerated capital allowances and has been provided in full.

Notes to the financial statements - 31 December 1995 - continued

18	<u>Revaluation reserve - group</u>	<u>1995</u> £
	At 1 January 1995	126,000
	Transfer of realised profit	14,000
	At 31 December 1995	<u>112,000</u>

19 Commitments under operating leases

As at 31 December 1995, 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>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Operating leases which expire:				
Within one year	-	12,800	9,082	36,184
After one and before five years	14,500	-	96,088	139,097
In over five years	183,588	71,338	150,540	-
	<u>198,088</u>	<u>84,138</u>	<u>255,710</u>	<u>175,281</u>

As at 31 December 1995 the company has no annual commitments under non-cancellable operating leases (1994-£Nil).

Notes to the financial statements - 31 December 1995 - continued

20	<u>Share premium account</u>	<u>1995</u>
		£
	At 1 January 1995 and 31 December 1995	<u>475</u>

21 Reconciliation of operating profit to net cash inflow from operating activities

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit	121,809	143,961
Depreciation charges	94,756	87,546
(Profit)/loss on disposal of fixed assets	(420)	5,213
Increase in stock	(25,942)	(22,629)
Increase in debtors	(383,558)	(78,740)
Increase in creditors	358,954	31,713
	<u>43,790</u>	<u>23,103</u>
Net cash inflow from operating activities	<u>165,599</u>	<u>167,064</u>

22 Analysis of changes in cash and cash equivalents

	<u>Cash</u>	<u>Current</u>	<u>Deposit</u>	<u>Net</u>
	£	£	£	£
Balance at 1 January 1994	2,045	(61,060)	40,638	(18,377)
Net cash inflow/(outflow)	(1,104)	77,435	(40,638)	35,693
Balance at 31 December 1994	941	16,375	-	17,316
Net cash inflow/(outflow)	667	(141,251)	-	(140,584)
Balance at 31 December 1995	<u>1,608</u>	<u>(124,876)</u>	<u>-</u>	<u>(123,268)</u>

Notes to the financial statements - 31 December 1995 - continued

23 Analysis of changes in financing during the year

	<u>Loans and hire purchase obligations</u>		<u>Share capital and premium</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Balance at 1 January 1995	293,658	157,924	10,475	10,475
Repayment of bank loans	(98,502)	(21,039)	-	-
New bank loan	200,000	31,575	-	-
New hire purchase agreements	427,309	184,420	-	-
Capital element of hire purchase	(135,653)	(59,222)	-	-
Balance at 31 December 1995	<u>686,812</u>	<u>293,658</u>	<u>10,475</u>	<u>10,475</u>

24 Accruals and deferred income

Deferred income is in respect of grants receivable not yet credited to profit. The amount credited to profit during the year was £Nil.

25 Acquisition of business

The acquisition of the business of Peter Dix Associates was completed during the year. The consideration amounted to £79,500. Goodwill arising on the acquisition amounted to £33,919 as disclosed in note 9(a) to the accounts. The balance of the consideration was represented by plant and equipment.