

THE DOCUMENT STORAGE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1991



THE DOCUMENT STORAGE COMPANY LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1991

Page No.

1-2.	Directors' Report
3.	Report of the Auditors
4.	Profit and Loss Account
5.	Balance Sheet
6.	Statement of Source and Application of Funds
7 - 11.	Notes to the Financial Statements
12.	Detailed Trading Account

DIRECTORS' REPORT

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st March 1991.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £79,672. The directors are unable to recommend the payment of a dividend.

REVIEW OF THE BUSINESS

During the trading year 1989/90 The Document Storage Company began to reveal its true potential turning a mid year loss of over £30,000 to a loss of just under £18,000 at the year end and this very much set the scene for a good year in 1990/91.

The anticipated good performance in 1990/91 has come to fruition with The Document Storage Company showing an increase in turnover of approximately 70%. This is particularly remarkable when it is borne in mind that the year concerned is reckoned to be one of the worst years of the current recession. The gross profit for the company increased by 115% whilst the operational profit increased by 118%. Part of this improvement has come about as a result of reductions in the administration costs of the company. Expressed as a percentage of gross profit, the administration costs have been reduced from 87% in 1989/90 to 75% in 1990/91.

Despite paying interest charges of some £65,000, being a 25% increase over the previous year, the nett profitability of the company saw a turn round of approximately £98,000 with the £18,000 loss at the end of 1989/90 turning into an £80,000 profit in 1990/91.

During the course of the year the company has taken on additional warehouse premises and firm plans have been set for further expansion during the current year 1991/92. The first quarter of the current year has continued to be positive and it is fully expected that The Document Storage Company Limited will achieve its budgeted 20% increase in profit by the year end.

Continued

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	<u>Number of shares</u>	
	<u>At 1.4.1990</u>	<u>At 31.3.1991</u>
C.R. Nicholls	70	90
I. Page (resigned 17th January 1990)	60	-
K. Sadler	70	90
P. Tennant	-	-

FIXED ASSETS

The movement in fixed assets during the year are set out in note 7 to the financial statements. The directors consider the market value of the freehold property to be £850,000.

AUDITORS

It is proposed that the company's present auditors, Messrs. Hartley Fowler be reappointed as auditors to the company to hold office for the ensuing year.

By Order of the Board


C.R. Nicholls
Secretary

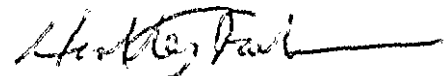
20th June 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE DOCUMENT STORAGE COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

As stated in note 1 the financial statements do not include a charge for amortisation of the freehold property and therefore do not comply with Statement of Standard Accounting Practice no.12.

Subject to the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HARTLEY FOWLER
Chartered Accountants

240 London Road,
Mitcham,
Surrey,
CR4 3TY.

20th June 1991

THE DOCUMENT STORAGE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 1991

4.

	<u>Notes</u>	£	<u>1991</u>	£	£	<u>1990</u>	£
TURNOVER	2		635,134			373,750	
COST OF SALES			111,057			102,104	
GROSS PROFIT			524,077			271,646	
ADMINISTRATIVE EXPENSES			378,983			236,856	
OPERATING PROFIT	4		145,094			34,790	
INTEREST PAYABLE	5		65,422			52,540	
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			79,672			(17,750)	
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	6		-			-	
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			79,672			(17,750)	
RETAINED (LOSS) BROUGHT FORWARD			(216,728)			(198,978)	
RETAINED (LOSS) CARRIED FORWARD			£(137,056)			£(216,728)	

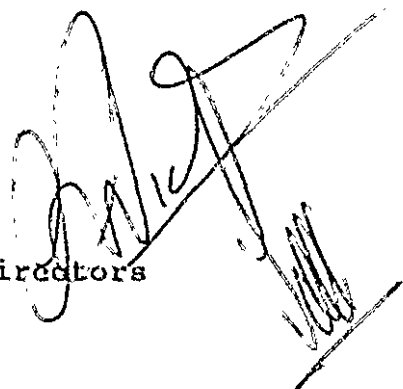
THE DOCUMENT STORAGE COMPANY LIMITED
BALANCE SHEET
AS AT 31ST MARCH 1991

5.

		£	<u>1991</u>	£	£	<u>1990</u>	£
FIXED ASSETS							
Tangible assets	7	966,574				901,294	
Security archives	8	56				56	
				966,630			901,350
CURRENT ASSETS							
Stocks	9	17,625				4,120	
Debtors	10	121,364				79,774	
Cash at bank and in hand		900				2,151	
				139,889		86,045	
CREDITORS - amounts falling due within one year	11	351,028				304,525	
NET CURRENT (LIABILITIES)				(211,139)			(218,480)
TOTAL ASSETS LESS CURRENT LIABILITIES				755,491			682,870
CREDITORS - amounts falling due after more than one year	11			296,034			303,085
TOTAL NET ASSETS				<u>£459,457</u>			<u>£379,785</u>
Financed by:							
CAPITAL AND RESERVES							
Called up share capital	13			15		15	
Share premium	14			49,940		49,940	
Loan stock	15			20,000		20,000	
Revaluation reserve	16			526,558		526,558	
Profit and loss account				(137,056)		(216,728)	
				<u>£459,457</u>		<u>£379,785</u>	

Approved by the board on
20th June 1991

C.R. Nicholls)
) Directors
K. Sadler)



THE DOCUMENT STORAGE COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st MARCH 1991

b.

	£	<u>1991</u>	£	£	<u>1990</u>	£
SOURCE OF FUNDS						
Funds generated from operations:						
Profit/(Loss) after taxation			79,672			(17,750)
Items not involving movement of funds:						
Depreciation	11,519			10,168		
Profit on disposal of fixed assets	180			(7,824)		
			11,699			2,344
Funds from other sources:						
Sale of fixed assets	350			8,499		
			350			8,499
			91,721			(6,907)
APPLICATION OF FUNDS						
Purchase of fixed assets	77,329			53,071		
Investments	-			56		
Repayment of lease obligations	(12,138)			1,444		
Repayment of long term loans	15,663			(4,305)		
			(80,854)			(50,266)
INCREASE/(DECREASE) IN FUNDS			<u>£ 10,867</u>			<u>£ (57,172)</u>
MOVEMENT IN WORKING CAPITAL						
Stocks		13,505			3,120	
Debtors		41,590			37,265	
Creditors		(31,876)			(148,304)	
Cash at bank and in hand		(1,251)			1,483	
Bank overdraft		(11,101)			49,264	
			<u>£ 10,867</u>			<u>£ (57,172)</u>

1. ACCOUNTING POLICIES

(a) Accounting conventions

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings.

(b) Turnover

Turnover represents the invoiced amounts of goods sold and services provided, net of value added tax.

(c) Goodwill

Goodwill is written off in the year of acquisition.

(d) Depreciation

Depreciation is provided on all tangible assets, other than freehold land and buildings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery	- 10% per annum on cost
Motor vehicles	- 25% per annum on cost
Fixtures and fittings	- 10% per annum on cost
Computer equipment	- 33% per annum on cost
Racking	- 5% per annum on cost

Leasehold improvements are written off over the period of the lease.

(e) Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) Leasing and hire purchase commitments

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the instalments is charged to profit and loss account over the period of the contract.

Rentals paid under operating leases are charged to profit and loss account as incurred.

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1991

8.

2. TURNOVER

The turnover and pre-tax profit are wholly attributable to the company's main activity.

The turnover all arises in the United Kingdom.

3. STAFF COSTS

	<u>1991</u> £	<u>1990</u> £
Wages and salaries	184,278	125,533
Social security costs	18,833	11,637
Other pension costs	3,171	1,772
	<u>£206,282</u>	<u>£138,942</u>

The average weekly number of employees during the year was made up as follows:

	No.	No.
Office and management	7	4
Direct labour	7	4
Sales assistants	2	1
	<u>16</u>	<u>9</u>

4. OPERATING PROFIT

	<u>1991</u> £	<u>1990</u> £
(a) This is stated after charging:		
Directors' remuneration	50,479	33,929
Auditors' remuneration	2,750	2,500
Depreciation	11,519	10,158
Loss/(Profit) on disposal of fixed assets	180	(7,824)
Hire of equipment	2,503	5,419
Hire of vehicles	17,408	12,872
	<u>£ 50,479</u>	<u>£ 33,929</u>
(b) Directors' remuneration:		
Fees and salaries	47,308	32,157
Pension contributions	3,171	1,772
	<u>£ 50,479</u>	<u>£ 33,929</u>

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1991

9.

5. INTEREST PAYABLE

	<u>1991</u> £	<u>1990</u> £
Bank loans and overdrafts wholly repayable within 5 years	34,794	12,329
Finance lease interest	5,171	-
Hire purchase interest	701	-
Bank loans repayable after 5 years	24,756	40,211
	<u>£ 65,422</u>	<u>£ 52,540</u>

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The company has no liability to corporation tax as tax losses of previous years have been used against this years taxable profits.

The company has tax losses of approximately £35,000 to carry forward against future trading profits.

The company is a close company within the terms of section 414 of the Taxes Act 1985

7. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £	<u>Fixtures and fittings</u> £	<u>Total</u> £
Cost or valuation:					
At 1st April 1990	844,403	55,322	12,976	4,868	917,569
Additions	17,216	44,178	3,159	12,776	77,329
Disposals	-	-	(663)	-	(663)
At 31st March 1991	<u>861,619</u>	<u>99,500</u>	<u>15,472</u>	<u>17,644</u>	<u>994,235</u>
Depreciation:					
At 1st April 1990	3,861	8,307	3,067	1,040	16,275
Disposals	-	-	(133)	-	(133)
Charge for year	977	4,828	3,539	2,175	11,519
At 31st March 1991	<u>4,838</u>	<u>13,135</u>	<u>6,473</u>	<u>3,215</u>	<u>27,661</u>
Net book value at 31st March 1991	<u>£856,781</u>	<u>£86,365</u>	<u>£ 8,999</u>	<u>£ 14,429</u>	<u>£966,574</u>
Net book value at 31st March 1990	<u>£840,542</u>	<u>£47,015</u>	<u>£ 9,909</u>	<u>£ 3,828</u>	<u>£901,294</u>

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1991

19.

8. INVESTMENTS

The company owns 100% of the issued share capital of G.S.Sheldon Ltd an unlisted company incorporated in England, whose assets were transferred to The Document Storage Company Ltd on 1st January 1989.

9. STOCKS

	<u>1991</u>	<u>1990</u>
	£	£
Packing materials	11,625	4,120
Work in progress	6,000	-
	<u>£17,625</u>	<u>4,120</u>

10. DEBTORS

	<u>1991</u>	<u>1990</u>
	£	£
Trade debtors	90,630	54,553
Other debtors	18,077	17,293
Prepayments and accrued income	12,657	7,928
	<u>£121,364</u>	<u>£ 79,774</u>

11. CREDITORS

	<u>1991</u>		<u>1990</u>	
<u>Falling due:</u>	<u>Within</u>	<u>After</u>	<u>Within</u>	<u>After</u>
	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>
	£	£	£	£
Bank loans	47,465	285,925	102,884	301,588
Bank overdraft	97,298	-	(4,007)	-
Obligations under finance leases and hire purchase contracts (note 12)	5,078	10,109	1,552	1,497
Finance leases	15,602	-	-	-
Trade creditors	28,475	-	36,644	-
Other taxes and social security costs	28,173	-	10,819	-
Directors' current accounts	17,232	-	41,529	-
Other creditors	92,155	-	101,104	-
Accruals	19,550	-	14,000	-
	<u>£351,028</u>	<u>£296,034</u>	<u>£304,525</u>	<u>£303,085</u>

The bank loan of £285,000 bears interest at 12.5% and 14.5% and is secured by a first charge on the company's freehold property. This loan is not wholly repayable within five years and is repayable by instalments.

Remaining bank loans included under that heading represent loans repayable by instalments within five years and bear interest at 12%.

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1991

11.

**12. OBLIGATIONS UNDER OPERATING LEASES
AND HIRE PURCHASE CONTRACTS**

	<u>Hire purchase contracts</u>	<u>Operating leases</u>
	£	£
Year ending 31.3.1992	7,145	11,418
31.3.1993	5,115	8,612
31.3.1994	4,155	1,248
31.3.1995	3,675	-
31.3.1996	1,837	-
	<u>21,927</u>	<u>21,278</u>
Less: Finance charges allocated to future periods	(6,740)	
Net total	<u>£ 15,187</u>	
Shown in note 11 as follows:		
Within 1 year	5,078	
After 1 year	10,109	
	<u>£ 15,187</u>	

13. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	No.	No.		
Ordinary shares of 0.05p each	<u>2,000</u>	<u>2,000</u>	<u>£15</u>	<u>£15</u>

14. SHARE PREMIUM

	<u>1991</u>	<u>1990</u>
Premium arising on the issue of shares in respect of the acquisition of G.S. Sheldon Limited	<u>£ 49,940</u>	<u>£ 49,940</u>

15. LOAN STOCK

	<u>£ 20,000</u>	<u>£ 20,000</u>
Loan stock issued in respect of the acquisition of G.S. Sheldon Limited		

16. REVALUATION RESERVE

	<u>£526,558</u>	<u>£526,558</u>
Revaluation of freehold property based on a report by Robert Holmes & Co, Chartered Surveyors		