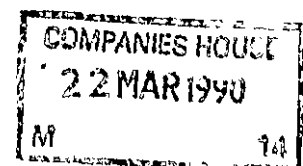


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THE DOCUMENT STORAGE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1989



THE DOCUMENT STORAGE COMPANY LIMITED
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FOR THE YEAR ENDED 31st MARCH 1989

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DIRECTORS' REPORT

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st March 1989.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £187,459. The directors are unable to recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principal activities during the year were the storage of documents, commercial and domestic removals. The results for the year are as expected and the directors are confident that improved results will be achieved in the following financial year. The company acquired a removal business in the year under review.

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 1.4.1988</u>	<u>At 31.3.1989</u>
C.R. Nicholls	3	60
I. Page	3	60
D.J. Lincoln (resigned 1st September 1989)	3	60
K. Sadler (appointed 1st January 1989)	-	30

AUDITORS

On 21st April 1989 Messrs Reay & King resigned as auditors to the company and Messrs Hartley Fowler were appointed to fill the vacancy.

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

17th November 1989

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

2.

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1989 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to note 1(a) which states that the financial statements have been prepared under the going concern convention which assumes the continuing support of the company's bankers, directors and other creditors.

HARTLEY FOWLER
Chartered Accountants

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

17th November 1989

PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st MARCH 1989

	<u>Notes</u>	£	<u>1989</u>	£	£	<u>1988</u>	£
TURNOVER	2			95,479			16,398
COST OF SALES				71,535			1,437
GROSS PROFIT				23,944			14,961
ADMINISTRATIVE EXPENSES				99,048			26,293
OPERATING (LOSS)	4			(75,104)			(11,332)
Interest receivable: bank deposits				70			-
Interest payable	5	21,211				187	
				21,141			187
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				(96,245)			(11,519)
TAX ON (LOSS) ON ORDINARY ACTIVITIES	6			-			-
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION				(96,245)			(11,519)
EXTRAORDINARY ITEMS	7			(91,214)			-
RETAINED (LOSS) FOR THE YEAR				(187,459)			(11,519)
RETAINED (LOSS) BROUGHT FORWARD				(11,519)			-
RETAINED (LOSS) CARRIED FORWARD				£(198,978)			£(11,519)

The notes on pages 6 to 10 form an integral part of these financial statements.

THE DOCUMENT STORAGE COMPANY LIMITEDBALANCE SHEETAS AT 31st MARCH 1989

	<u>Notes</u>	£	<u>1989</u>	£	£	<u>1988</u>	£
FIXED ASSETS							
Tangible assets	8	859,067				19,574	
				859,067			19,574
CURRENT ASSETS							
Stocks	10	1,000				1,350	
Debtors	11	42,509				7,582	
Cash at bank and in hand		668				-	
						8,932	
CREDITORS - amounts falling due within one year	12	205,157				40,013	
NET CURRENT (LIABILITIES)				(160,980)			(31,081)
TOTAL ASSETS LESS CURRENT LIABILITIES				698,087			(11,507)
after more than one year	12			300,267			-
TOTAL NET ASSETS/(LIABILITIES)				£397,820			£(11,507)
Financed by:							
CAPITAL AND RESERVES							
Called up share capital	14			300			12
Share premium account	15			49,940			-
Loan stock	16			20,000			-
Revaluation reserve	17			526,558			-
Profit and loss account				(198,978)			(11,519)
				£397,820			£(11,507)

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

17th November 1989

The notes on pages 6 to 10 form an integral part of these financial statements.

THE DOCUMENT STORAGE COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st MARCH 1989

5.

	£	<u>1989</u>	£	£	<u>1988</u>	£
SOURCE OF FUNDS						
Funds generated from operations:						
Profit/(loss) after taxation		(187,459)			(11,519)	
Items not involving movement of funds:						
Depreciation	4,218			3,170		
			4,218			3,170
Funds from other sources:						
Sale of fixed assets	-			-		
Increase in share capital and loan stock	70,228			12		
Long-term loans	300,267			-		
			370,495			12
			187,254			8,337
APPLICATION OF FUNDS						
Purchase of fixed assets	317,153			22,744		
			317,153			22,744
INCREASE/(DECREASE) IN FUNDS						
		£(129,899)			£(31,081)	
MOVEMENT IN WORKING CAPITAL						
Stocks		(350)			1,350	
Debtors		34,927			7,582	
Creditors		(137,883)			(31,099)	
Cash at bank and in hand		668			-	
Bank overdraft		(27,261)			(8,914)	
		£(129,899)			£(31,081)	

The notes on pages 6 to 10 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1989

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, and under the going concern convention which assumes the continuing support of the company's bankers, directors and other creditors.

(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, 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	- 20% per annum on cost
Motor vehicles	- 20% and 33% per annum on cost
Fixtures and fittings	- 25% per annum on cost

(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 1989

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>1989</u> £	<u>1988</u> £
Wages and salaries	50,884	486
Social security costs	5,317	30
Other pension costs	418	-
	<u>£ 56,619</u>	<u>£ 516</u>

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

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

4. **OPERATING (LOSS)**

	<u>1989</u> £	<u>1988</u> £
(a) This is stated after charging:		
Directors' remuneration	17,388	-
Auditors' remuneration	2,000	1,000
Depreciation	4,218	3,170
Hire of equipment	6,774	-
	<u>£ 17,388</u>	<u>£ 4,170</u>
(b) Directors' remuneration:		
Fees and salaries	16,970	-
Pension contributions	418	-
	<u>£ 17,388</u>	<u>£ -</u>

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1989

5. INTEREST PAYABLE

	<u>1989</u> £	<u>1988</u> £
Bank loans and overdrafts wholly repayable within 5 years	2,861	187
Bank loans repayable after 5 years	18,350	-
	<u>£ 21,211</u>	<u>£ 187</u>

6. TAX ON (LOSS) ON ORDINARY ACTIVITIES

The company has no liability to corporation tax and has losses to carried forward against future trading profits.

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

7. EXTRAORDINARY ITEM

This item in the financial statements represents the cost of goodwill acquired when the company purchased G.S. Sheldon Limited on 1st January 1989, written off in this year in accordance with the accounting policy as disclosed in note 1(c).

8. 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 1988	-	12,660	2,100	2,809	17,569
Additions	298,442	11,140	11,413	576	321,571
Revaluation	526,558			-	526,558
At 31st March 1989	<u>825,000</u>	<u>23,800</u>	<u>13,513</u>	<u>3,385</u>	<u>865,698</u>
Depreciation:					
At 1st April 1988	-	1,739	525	149	2,413
Charge for year	-	3,470	567	181	4,218
At 31st March 1989	<u>-</u>	<u>5,209</u>	<u>1,092</u>	<u>330</u>	<u>6,631</u>
Net book value at 31st March 1989	<u>£825,000</u>	<u>£18,591</u>	<u>£ 12,421</u>	<u>£ 3,055</u>	<u>£859,067</u>
Net book value at 31st March 1988	<u>£ -</u>	<u>£10,921</u>	<u>£ 1,575</u>	<u>£ 2,660</u>	<u>£ 15,156</u>

THE DOCUMENT STORAGE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 1989

9. 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.

10. STOCKS

	<u>1989</u> £	<u>1988</u> £
Packing materials	£1,000	£1,350

11. DEBTORS

	<u>1989</u> £	<u>1988</u> £
Trade debtors	31,018	7,098
Other debtors	10,723	427
Prepayments and accrued income	768	57
	<u>£ 42,509</u>	<u>£ 7,582</u>

12. CREDITORS

	<u>1989</u>		<u>1988</u>	
<u>Falling due:</u>	<u>Within</u> <u>1 year</u>	<u>After</u> <u>1 year</u>	<u>Within</u> <u>1 year</u>	<u>After</u> <u>1 year</u>
	£	£	£	£
Bank loans	7,160	297,283	-	-
Bank overdraft	45,257	-	8,914	-
Obligations under finance leases and hire purchase contracts (note 13)	1,509	2,984	-	-
Trade creditors	56,052	-	4,249	-
Other taxes and social security costs	10,035	-	-	-
Directors' current accounts	50,395	-	-	-
Other creditors	19,429	-	24,100	-
Accruals	15,320	-	2,750	-
	<u>£205,157</u>	<u>£300,267</u>	<u>£ 40,013</u>	<u>£ -</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 1989

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

	<u>Hire purchase contracts</u> £	<u>Operating leases</u> £
Year ending 31.3.1990	2,037	8,849
31.3.1991	2,037	6,070
31.3.1992	2,037	2,354
	<u>6,111</u>	<u>£17,273</u>
Less: Finance charges allocated to future periods	1,618	
Net total	<u>£ 4,493</u>	
Shown in note 12 as follows:		
Within 1 year	1,509	
After 1 year	2,984	
	<u>£ 4,493</u>	

14. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>1989</u> <u>1988</u>	<u>1989</u> <u>1988</u>
	No.	No.
Ordinary shares of £1 each	1,000,000	£100 £300 £12

During the year 228 ordinary shares of £1 each, with an aggregate nominal value of £228, were issued fully paid for cash. In addition 60 ordinary shares of £1 each were issued in respect of the acquisition of G.S. Sheldon Limited, the nominal value of these shares is £60 and the issue value is £50,000 the difference being treated as share premium.

15. SHARE PREMIUM

	<u>1989</u>	<u>1988</u>
Premium arising on the issue of shares in respect of the acquisition of G.S. Sheldon Limited (note 14)	£ 49,940	£ -

16. LOAN STOCK

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

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