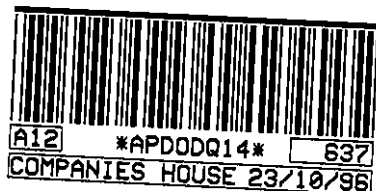


STAT PLUS LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1995



Registered in England No. 2595313

STAT PLUS LIMITED

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DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £2,940,011 (1994 - £2,189,751).

The directors do not recommend the payment of a final dividend. The retained profit for the year has been taken to reserves.

REVIEW OF THE BUSINESS

The company's principal activities during the year were those of retailers of office stationery, law stationery, law forms and printing.

FIXED ASSETS

The changes in the fixed assets during the year are summarised in the notes to the accounts.

FUTURE DEVELOPMENTS

The company will continue to develop and expand its principal activities.

DIRECTORS AND THEIR INTERESTS

The directors during the year and at 31st December 1995 were as follows:

D C Bird (Chairman)
G D Neilly (Resigned 13th September 1995)
R N Arnold
M A Denning
B Sutton
D Nemestothy
C F Denning (Resigned 3rd February 1995)
S C Bird

No director held any interest in the issued shares of the company during the year.

DIRECTORS' REPORT (continued)

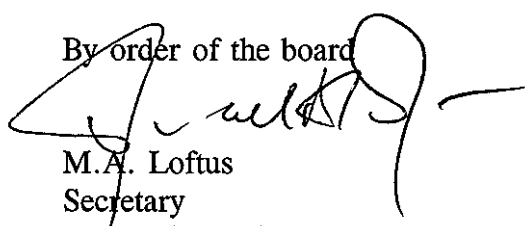
The following directors, excluding those who are also directors of the holding company, held the following interests in the share capital of the holding company, Stat Plus Group PLC:

	<u>Beneficial</u>			<u>Options</u>	
	31st Dec 1995	31st Dec 1994	31st Dec 1995	Granted in the year	31st Dec 1994
M A Denning	-	-	54,412	5,912	48,500
B Sutton	-	-	40,912	5,912	35,000
D Nemestothy	-	-	29,310	4,310	25,000
S C Bird	5,500	2,000	39,433	4,433	35,000
C F Denning	-	-	-	-	25,000

AUDITORS

Coopers & Lybrand have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board


M.A. Loftus
Secretary
3rd April 1996

**Directors' Responsibilities
in respect of the preparation of financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Auditors
To the members of Stat Plus Limited**

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

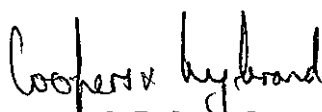
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
3rd April 1996

STAT PLUS LIMITED

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**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1995**

	Note	1995 £	1994 £
Turnover	2	13,964,663	12,548,522
Change in stocks of finished goods		(117,360)	67,709
		-----	-----
		13,847,303	12,616,231
External Charges		6,837,201	6,469,990
		-----	-----
		7,010,102	6,146,241
Staff costs	4	2,176,194	2,077,651
Depreciation	9	223,103	234,423
Other operating charges		1,216,028	867,382
		-----	-----
		3,615,325	3,179,456
Operating profit	3	3,394,777	2,966,785
Amounts written off investments	10	(11,570)	(307,296)
Interest receivable	5	908,385	732,067
Interest payable	6	(644,923)	(520,780)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,646,669	2,870,776
Tax charge on profit on ordinary activities	7	706,658	681,025
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	2,940,011	2,189,751
		-----	-----

There were no acquisitions and no operations were discontinued during the year. The company has no recognised gains or losses other than those included in the profit above and therefore no separate statement of recognised gains and losses has been presented.

STAT PLUS LIMITED

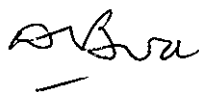
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BALANCE SHEET - 31st DECEMBER 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Intangible fixed asset	8	491,946	573,667
Tangible fixed assets	9	455,626	483,195
Investments	10	101,561	101,561
		-----	-----
		1,049,133	1,158,423
CURRENT ASSETS			
Stocks		216,359	333,719
Debtors	11	2,780,181	2,513,787
Cash at bank		14,754,084	14,303,382
		-----	-----
		17,750,624	17,150,888
CREDITORS - amounts falling due within one year			
	12	8,435,863	10,885,428
		-----	-----
NET CURRENT ASSETS		9,314,761	6,265,460
		-----	-----
NET ASSETS		10,363,894	7,423,883
		-----	-----
CAPITAL AND RESERVES			
Called up share capital	13	1,500	1,500
Profit and loss account	14	10,362,394	7,422,383
		-----	-----
TOTAL SHAREHOLDERS' FUNDS		10,363,894	7,423,883
		-----	-----

The financial statements on pages 4 to 13 were approved by the Board of Directors on 3rd April 1996.

Signed on behalf of the Board of Directors



D.C. Bird
Director



R.N. Arnold
Director

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies adopted, and which have been applied consistently, are described below.

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Cash flow

The company is a wholly-owned subsidiary of Stat Plus Group plc. No cash flow statement for the company is included in the accounts, as allowed by FRS1, as the cash flows of the company are included in the consolidated group cash flow statement of Stat Plus Group plc.

(c) Depreciation

Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	over 4 years
Equipment, fixtures and fittings	over 5 years
Computer equipment	over 4 years
Leased assets	over the term of lease

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life, which is estimated to be 10 years.

(d) Stocks

Stocks, which wholly comprise finished goods, are stated at the lower of cost and net realisable value as follows:

Costs incurred in bringing each product to its present location and condition, on a first-in, first-out basis.

Net realisable value is based on estimated selling price less all further costs expected to be incurred in marketing, selling and distribution.

(e) Deferred taxation

Deferred taxation is provided for using the liability method on all material timing differences to the extent that it probable that a liability or asset will crystallise.

(f) Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefitting from the employee's service. The effects of material variations from regular cost are spread over the expected average remaining service lives of members.

(g) Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

2. Turnover

Turnover attributable to the company's principal activity of stationery retailing, represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax, to customers in the United Kingdom.

3. Operating profit

	1995 £	1994 £
(a) This is stated after charging or crediting:		
Hire of assets under operating leases	79,703	78,280
Depreciation and other amounts written off tangible fixed assets	223,103	234,423
Amortisation of goodwill	81,721	81,179
Profit on disposal of tangible fixed assets	24,068	36,706
Auditors' remuneration: Audit	24,500	23,750
Other services	9,950	7,500
	-----	-----
	1995 £	1994 £
(b) Directors' remuneration		
Other emoluments (including pension contribution)	479,347	488,078
Ex-gratia payment	28,010	-
	-----	-----

The emoluments of the chairman and highest paid director, excluding pension contributions, were £114,909 (1994 - £128,572).

3. Operating profit (continued)

Directors' emoluments, excluding pension contributions, fell within the following ranges:

		1995	1994
		Number	Number
£10,001	-	£15,000	1
£15,001	-	£20,000	-
£25,001	-	£30,000	1
£35,001	-	£40,000	-
£40,001	-	£45,000	1
£45,001	-	£50,000	2
£50,001	-	£55,000	1
£55,001	-	£60,000	-
£70,001	-	£75,000	1
£110,001	-	£115,000	-
£125,001	-	£130,000	1

4. Staff Costs

	1995	1994
	£	£
Wages and salaries	1,847,975	1,758,115
Social security costs	163,947	158,599
Other pension costs	164,272	160,937
	<u>2,176,194</u>	<u>2,077,651</u>

The average weekly number of employees, including directors, during the year was made up as follows:-

	1995	1994
	Number	Number
Office and management	53	55
Selling	42	45
	<u>95</u>	<u>100</u>

5. Interest Receivable

	1995	1994
	£	£
Bank deposit	908,385	732,067

6. Interest payable

	1995	1994
	£	£
Parent company	644,923	520,780

7. Tax charge on profit on ordinary activities

Based on the profit for the year	1995	1994
	£	£
Corporation tax at 33 % (1994 - 33 %)	708,578	646,859
Taxation (over)/underprovided in previous years:		
Corporation tax	(1,920)	34,166
	<u>706,658</u>	<u>681,025</u>

In 1995 the taxation charge was reduced by £532,137 (1994 - £449,167) by reason of ACT surrendered by the ultimate parent company for which no payment was made.

8. Intangible fixed assets

Cost:	£
At 1st January 1995	817,204
Additions	-
	<u>817,204</u>
At 31st December 1995	
Amortisation:	
At 1st January 1995	243,537
Amortisation for year	81,721
	<u>325,258</u>
At 31st December 1995	
Net book value at:	
31st December 1995	491,946
	<u>573,667</u>
31st December 1994	

The intangible asset represents the goodwill arising on the transfer of the trade, assets and liabilities of Leicester Law Stationers Limited, a subsidiary, subsequent to its acquisition in 1991, and goodwill arising on the transfer of the trade, assets and liabilities of Birmingham Stationers Limited, also a subsidiary, subsequent to its acquisition on 27th January 1994.

9. Tangible fixed assets

	Computer Equipment	Short term Leasehold Improve- ments	Equipment fixtures and fittings	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1st January 1995	244,584	60,426	244,679	815,469	1,365,158
Additions	33,926	-	13,945	211,295	259,166
Disposals	(5,558)	(6,834)	(9,987)	(296,675)	(319,054)
At 31st December 1995	272,952	53,592	248,637	730,089	1,305,270
Depreciation					
At 1st January 1995	157,094	40,734	213,867	470,268	881,963
Disposals	(2,876)	(6,833)	(9,450)	(236,263)	(255,422)
Charge for year	45,390	5,261	11,718	160,734	223,103
At 31st December 1995	199,608	39,162	216,135	394,739	849,644
Net book value at:					
31st December 1995	73,344	14,430	32,502	335,350	455,626
31st December 1994	87,490	19,692	30,812	345,201	483,195

10. Fixed asset investments

Investments comprise of 100% of the ordinary share capital of Leicester Law Stationers Limited and Birmingham Stationers Limited which no longer trade. Both subsidiaries are registered in England and Wales.

Shares in subsidiaries	£
Balance at 1st January 1995	101,561
Acquisition of Birmingham Stationers Limited:	
Additional Consideration	11,570
Permanent diminution in value on transfer of trade, assets and liabilities to Stat Plus Limited	(11,570)
Balance at 31st December 1995	101,561

11. Debtors

	1995	1994
	£	£
Trade debtors	2,300,076	2,113,492
Prepayments and accrued income	103,844	93,930
ACT recoverable	304,824	279,388
Sundry debtor	71,437	26,977
	-----	-----
	2,780,181	2,513,787
	-----	-----

Within ACT recoverable, £304,824 (1994 - £278,425) falls due after more than one year.

12. Creditors - amounts falling due within one year

	1995	1994
	£	£
Trade creditors	1,490,037	1,216,190
Owing to parent undertaking	2,905,017	5,688,635
Amounts owed to fellow subsidiary undertakings	2,456,259	2,456,259
Current corporation tax	733,717	666,127
Other taxes and social security costs	326,818	330,390
Accruals	524,015	527,827
	-----	-----
	8,435,863	10,885,428
	-----	-----

13. Called up share capital

	1995	1994	1995	1994
	No.	No.	£	£
Authorised:				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500
	-----	-----	-----	-----
Allotted, issued and fully paid:				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500
	-----	-----	-----	-----

14. Reserves

	1995	1994
	£	£
Profit and loss account:-		
At 1st January 1995	7,422,383	5,232,632
Retained profit for year	2,940,011	2,189,751
	-----	-----
At 31st December 1995	10,362,394	7,422,383
	-----	-----

**15. Reconciliation of movements in shareholders' funds
for the year ended 31st December 1995**

	1995 £	1994 £
Profit on ordinary activities after taxation	2,940,011	2,189,751
Opening shareholders' funds	7,423,883	5,234,132
	-----	-----
Closing shareholders' funds	10,363,894	7,423,883
	-----	-----

16. Pension Commitments

The company participates in a group pension scheme operated by Stat Plus Group PLC.

The group operates a defined benefit scheme for its present directors and employees designed to provide retirement benefits based upon final salaries. The assets of the scheme are held in a separate trustee administered fund.

The pension cost of the scheme is determined with the advice of a qualified actuary on the basis of triennial valuations. The latest valuation was carried out as at 1st January 1993 using the Project Unit method modified by a 5 year control period, with the following main assumptions:

Rate of interest	9% per annum
Salary increases	7% per annum
Increase in pensions in payment	5% per annum
Dividend growth	4.3% per annum

The valuation showed that the market value of the scheme's assets was £2,908,000 and the actuarial value of the assets was sufficient to cover 100% of the benefits that had accrued to members, based on projected salaries.

17. Capital commitments

Capital commitments of the company, for which no provision has been made in these financial statements, are as follows:-

	1995 £	1994 £
Contracted but not provided for	£nil	£103,963
	-----	-----

18. Operating lease commitments

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

	1995	1994
	Land and	Land and
	buildings	buildings
	£	£
Leases which expire:		
Within 1 year	40,184	15,026
After 5 years	66,700	41,300
	-----	-----
	106,884	56,326
	-----	-----

19. Ultimate parent company

The ultimate parent company is Stat Plus Group PLC, a company registered in England and Wales. Copies of the parents consolidated financial statements may be obtained from the Company Secretary at Stat Plus House, Greenlea Park, Prince George's Road, London SW19 2PU.