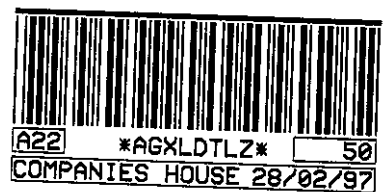


SHEPPARD DAY ASSOCIATES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 30TH APRIL 1996

Company Number: 2694041



SHEPPARD DAY ASSOCIATES LIMITED

DIRECTORS

K Day
P R Sheppard
B R Stephens

SECRETARY

L H Harris

BANKERS

Barclays Bank Plc
Reading

SOLICITORS

Blandy and Blandy
Reading

AUDITORS

Moores Rowland
Reading

REGISTERED OFFICE

Brittania House
Brittania Way
Brittania Road
London SW6 2HL

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SHEPPARD DAY ASSOCIATES LIMITED

DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 30th April 1996.

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and 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 accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company have continued to be that of designers, graphic artists and project managers of advertising, creative and design services. During the year the company purchased freehold offices and continues to trade profitably.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £114,105 (1995: £155,699).

An interim dividend of £20,000 (1995: Nil) was paid during the year.

The directors do not recommend a final dividend (1995: Nil), bringing the total dividends for the year to £20,000 (1995: Nil).

DIRECTORS AND INTERESTS IN SHARES

The number of shares in the company in which the directors had a beneficial interest, as defined by the Companies Act 1985 was as follows:

	Ordinary shares of £1 each	
	1996	1995
K Day	26	26
S J Randall (resigned 9th May 1996)	-	-
P R Sheppard	74	74
B R Stephens	-	-
K Symons (resigned 12th October 1995)	-	-
	==	==

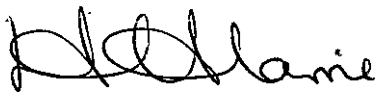
SHEPPARD DAY ASSOCIATES LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors to the company for the ensuing year.

By order of the board

A handwritten signature in dark ink, appearing to read 'L H Harris', with a stylized flourish at the end.

L H Harris
Secretary

20/12/96

AUDITORS' REPORT TO THE MEMBERS OF

SHEPPARD DAY ASSOCIATES LIMITED

We have audited the accounts on pages 4 to 11.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND
Chartered Accountants
Registered Auditors
Reading



SHEPPARD DAY ASSOCIATES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30th April 1996

	Note	1996 £	1995 £
TURNOVER	1	2,062,727	2,116,830
Cost of sales		1,395,495	1,342,051
GROSS PROFIT		<u>667,232</u>	<u>774,779</u>
Administrative expenses		458,136	477,212
Exceptional administrative expenses	4	22,957	50,000
OPERATING PROFIT		<u>186,139</u>	<u>247,567</u>
Investment income	2	8,069	4,537
		<u>194,208</u>	<u>252,104</u>
Interest payable	3	13,056	4,535
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>181,152</u>	<u>247,569</u>
Tax on profit on ordinary activities	6	67,047	91,870
PROFIT FOR THE FINANCIAL YEAR		<u>114,105</u>	<u>155,699</u>
Dividends on equity shares	7	20,000	-
RETAINED PROFIT FOR THE YEAR		<u>94,105</u>	<u>155,699</u>
Retained profit brought forward		365,962	210,263
RETAINED PROFIT CARRIED FORWARD		<u><u>460,067</u></u>	<u><u>365,962</u></u>

The notes on pages 6 to 11 form part of these accounts.

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the profit for the year.

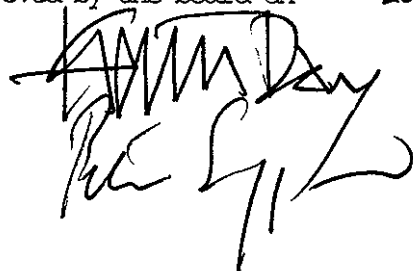
SHEPPARD DAY ASSOCIATES LIMITED

BALANCE SHEET

As at 30th April 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		322,322		125,682
Investments	9		-		-
CURRENT ASSETS					
Stocks	10	15,402		30,566	
Debtors	11	751,099		670,209	
Cash at bank and in hand		117,530		113,323	
		<u>884,031</u>		<u>814,098</u>	
CREDITORS - amounts falling due within one year	12	615,950		566,277	
NET CURRENT ASSETS			<u>268,081</u>		<u>247,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>590,403</u>		<u>373,503</u>
CREDITORS - amounts falling due after more than one year	13		130,236		7,441
TOTAL NET ASSETS			<u>460,167</u>		<u>366,062</u>
CAPITAL AND RESERVES					
Called up share capital	14		100		100
Profit and loss account			460,067		365,962
EQUITY SHAREHOLDERS' FUNDS			<u>460,167</u>		<u>366,062</u>

Approved by the board on 20/12/96



K Day)
P R Sheppard) Directors

The notes on pages 6 to 11 form part of these accounts.

SHEPPARD DAY ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention.

Consolidated accounts

The directors have relied on the exemptions contained in section 248 of the Companies Act 1985 in not preparing group accounts, as the company and its subsidiary qualify as a small group. Therefore, the accounts contain information about the company as an individual undertaking.

Turnover

Turnover represents the amounts receivable from customers for goods sold and services provided, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Fixtures & fittings	- Between 10% - 25%
Computer equipment	- 50%
Motor vehicles	- 25%
Buildings	- 2%

Work in progress

Work in progress is valued at the lower of cost, including appropriate overhead expenses, and net realisable value.

Lease and hire purchase contracts

Assets being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their anticipated useful lives. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet. The interest element of the lease and hire purchase payments is charged to the profit and loss account at a constant rate over the period of the agreement.

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

Deferred taxation

Deferred taxation is calculated using the liability method and provision is made to the extent that it is probable that such tax will become payable in the foreseeable future.

Pension costs

Pension costs are charged to the profit and loss account as incurred.

SHEPPARD DAY ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS (continued)

2. INVESTMENT INCOME

	1996 £	1995 £
Bank interest receivable	8,069	4,537

3. INTEREST PAYABLE

	1996 £	1995 £
On bank overdrafts and other loans wholly repayable within five years	7,091	-
On finance leases and hire purchase contracts	5,965	4,535
	<u>13,056</u>	<u>4,535</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	1996 £	1995 £
Auditors' remuneration	7,700	7,500
Depreciation of fixed assets	55,635	59,366
(Profit)/loss on disposal of fixed assets	(831)	(4,688)
Operating lease payments	656	556
Exceptional administrative expense (see below)	22,957	50,000

Depreciation of fixed assets includes £28,115 (1995: £39,008) in respect of assets being acquired under finance leases and hire purchase contracts.

The exceptional administrative expense relates to a provision against an amount due from a subsidiary undertaking.

5. DIRECTORS AND OTHER EMPLOYEES

Staff costs include the following:

	1996 £	1995 £
Wages and salaries	422,721	404,841
Social security costs	46,554	36,180
Other pension costs	25,573	13,850
	<u>494,848</u>	<u>454,871</u>

SHEPPARD DAY ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS (continued)

The average number of persons employed by the company during the year was as follows:

	Number	Number
Production and administration	13	13
	<u> </u>	<u> </u>

The emoluments of the directors were as follows:

For services as executives	309,450	259,648
	<u> </u>	<u> </u>

The individual emoluments, excluding pension contributions, of all the directors who served during the year fell into the following brackets:

	Number	Number
£35,001 - £40,000	1	1
£40,001 - £45,000	-	1
£45,001 - £50,000	2	-
£65,001 - £70,000	1	-
£70,001 - £75,000	-	1
£95,001 - £100,000	1	-
£100,001 - £105,000	-	1
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the chairman and highest paid director amounted to £95,942 (1995: £100,200).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 33% (1995 33%)	49,929	58,533
Taxation under/over provided in prior years:		
Corporation tax	-	(1,125)
Group relief payable	17,118	34,462
	<u>67,047</u>	<u>91,870</u>

7. DIVIDENDS

	1996 £	1995 £
Interim equity dividend paid on ordinary shares: £200 per share.	<u>20,000</u>	<u>-</u>

SHEPPARD DAY ASSOCIATES LIMITEDNOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS

	Freehold property	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost:					
At 1st May 1995	-	85,930	79,702	89,811	255,443
Additions	215,771	13,010	7,768	19,095	255,644
Disposals	-	(55,909)	-	(14,700)	(70,609)
At 30th April 1996	<u>215,771</u>	<u>43,031</u>	<u>87,470</u>	<u>94,206</u>	<u>440,478</u>
Depreciation:					
At 1st May 1995	-	58,168	42,873	28,720	129,761
Charge for year	1,726	5,207	25,210	23,492	55,635
Disposals	-	(55,909)	-	(11,331)	(67,240)
At 30th April 1996	<u>1,726</u>	<u>7,466</u>	<u>68,083</u>	<u>40,881</u>	<u>118,156</u>
Net book value at 30th April 1996	<u>214,045</u>	<u>35,565</u>	<u>19,387</u>	<u>53,325</u>	<u>322,322</u>
Net book value at 30th April 1995	<u>-</u>	<u>27,762</u>	<u>36,828</u>	<u>61,092</u>	<u>125,682</u>

Included in the net book values above are the following amounts in respect of assets acquired under finance leases and hire purchase contracts:

At 30th April 1996	<u>-</u>	<u>3,750</u>	<u>18,790</u>	<u>53,325</u>	<u>75,865</u>
At 30th April 1995	<u>-</u>	<u>-</u>	<u>25,985</u>	<u>61,092</u>	<u>87,077</u>

9. FIXED ASSET INVESTMENTS

	1996 £	1995 £
Investments in subsidiaries undertakings:		
Shares at cost less amounts written off	<u>-</u>	<u>-</u>

The company holds 100% of the issued share capital of The Chocolate Club Limited, a company incorporated in England on 15th September 1993. The principal activity of the company is the selling of confectionery by mail order.

The Chocolate Club Limited had net liabilities of £122,597 at 30th April 1996 (1995: £89,571) and the loss for the year then ended was £33,028 (1995: £65,109).

SHEPPARD DAY ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS (continued)

10. STOCKS

	1996 £	1995 £
Work in progress	15,402	30,566

11. DEBTORS

	1996 £	1995 £
Trade debtors	692,511	644,479
Amounts owed by group undertakings	44,151	2,898
Other debtors	-	1,167
Prepayments and accrued income	14,437	21,665
	<u>751,099</u>	<u>670,209</u>

12. CREDITORS - amounts falling due within one year

	1996 £	1995 £
Bank loan	29,397	-
Trade creditors	321,312	310,125
Obligations under finance leases and hire purchase contracts	17,643	40,906
Corporation tax	49,929	58,533
Other taxes and social security costs	29,431	18,427
Other creditors	22,923	3,972
Accruals and deferred income	145,315	134,314
	<u>615,950</u>	<u>566,277</u>

The bank loan is secured against the company's freehold property.

13. CREDITORS - amounts falling due after more than one year

	1996 £	1995 £
Bank loans	121,454	-
Obligations under finance leases and hire purchase contracts	8,782	7,441
	<u>130,236</u>	<u>7,441</u>
Falling due after more than one year: - repayable within five years	<u>130,236</u>	<u>7,441</u>

The bank loan is secured against the company's freehold property.

SHEPPARD DAY ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS (continued)

14. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	114,105	155,699
Dividends	(20,000)	-
Net addition to shareholders' funds	<u>94,105</u>	<u>155,699</u>
Opening shareholders' funds	366,062	210,363
Closing shareholders' funds	<u>460,167</u>	<u>366,062</u>

16. FINANCIAL COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	1996 £	Other 1995 £
Expiry date:		
Within one year	284	284
Between one and five years	390	390
After five years	-	-
	<u>674</u>	<u>674</u>

17. PENSIONS

The company operates a defined contribution scheme in respect of certain of its employees. Contributions are charged to the profit and loss account as incurred and there were no outstanding or proposed contributions at the balance sheet date. Pension costs charged in the year were £25,573 (1995: £13,850).