

HALL HARRISON COWLEY LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD 29 SEPTEMBER 1993 TO 31 JANUARY 1995

Registered Number: 2858045



HALL HARRISON COWLEY LIMITED

INDEX TO THE ACCOUNTS

| | Page |
|-------------------------|------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Report of the Auditors | 5 |
| Profit and loss account | 6 |
| Balance Sheet | 7 |
| Cash flow statement | 8 |
| Notes to the accounts | 9 |

HALL HARRISON COWLEY LIMITED**COMPANY INFORMATION**

| | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| DIRECTORS: | D Heal J Lawson G Simms M Glynn |
| SECRETARY: | M Glynn |
| REGISTERED OFFICE: | 32 Queen Square Bristol England BS1 4NQ |
| REGISTERED NUMBER: | 2858045 |
| AUDITORS: | Solomon Hare Registered Auditors Chartered Accountants Oakfield House Oakfield Grove Clifton Bristol BS8 2BN |

HALL HARRISON COWLEY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JANUARY 1995

The directors present their report and accounts for the period ended 31 January 1995.

RESULTS AND DIVIDENDS

The retained loss for the period amounted to £732,264. This amount was transferred to the Balance Sheet and covered by Shareholders' Funds. The directors do not recommend any payments to shareholders by way of dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the business is the provision of marketing communication services.

The company was incorporated as Mawlaw 222 Limited on 29 September 1993, but did not commence trading until 1 February 1994 when the company acquired the net assets and trade of Hall Harrison Cowley Group plc, from its former parent company, Saatchi and Saatchi plc (now Cordiant plc).

On 18 February 1994, Mawlaw 222 Limited changed its name to Hall Harrison Cowley Limited.

The full year of trading to 31 January 1995 was expected to represent a period of consolidation of operations. However, the nature and extent of the activities within the network inherited from the former owners quickly proved to be inconsistent with the strategy that the directors believed was appropriate to the development of a successful business, and the creation of substantial shareholder wealth. The present and predicted economic environment in which we operate, demands services from businesses which are not only customer focused, but also expert within their niches.

The strategic positioning and financial performance of each branch location have been assessed and where necessary, the directors have redirected operations and reduced the workforce. Businesses in several locations have been physically moved in order to benefit from better lease arrangements. Parts of our operations in Cardiff, Bristol, Southampton and Manchester were sold in July and August 1995.

Benefits from these changes are beginning to materialise, and are anticipated to save approximately £300,000 of overheads in the period from 1 February 1995 to 31 December 1995. The period to 31 January 1995 was therefore disappointing in terms of overall financial performance. Our efforts although focused internally rather than externally have been highly satisfactory in terms of providing a solid platform from which to move forward rapidly.

Despite having to divert energy to re-organisation, major new client relationships were secured in a highly competitive marketplace. Our most significant achievement was to win appointment by Camelot as the provider of public relations services to the National Lottery. Additionally, in June 1995, we opened a new office in London, and in November 1995, we opened our first office outside the United Kingdom, in Brussels.

The Directors anticipate an improvement in financial performance during 1995 based on the commitment of our staff to providing our quality customer base with a more focused range or value added services.

HALL HARRISON COWLEY LIMITED

FOR THE PERIOD ENDED 31 JANUARY 1995

DIRECTORS' REPORT (CONTINUED)

FIXED ASSETS

Details of movements in fixed assets during the period are set out in notes 7 and 8 to the accounts.

DIRECTORS

The directors of the company during the period and their interests in the ordinary share capital of the company were:-

| | | Ordinary shares of 12p each | |
|-------------|---------------------------------------------------------------|-----------------------------|-------------------------------------------------------|
| | | At 31 January 1995 | At 29 September 1993 or on appointment if later |
| D Heal | (appointed 17 January 1994) | 17 | - |
| D Fowles | (appointed 17 January 1994 and resigned 6 March 1995) | 17 | - |
| J Lawson | (appointed 17 January 1994) | 17 | - |
| G Simms | (appointed 17 January 1994) | 17 | - |
| G Long | (appointed 31 January 1994 and resigned 25 September 1995) | 8 | 8 |
| H H Maxwell | (appointed 31 January 1994 and resigned 18 October 1995) | 4 | 4 |
| M Glynn | (appointed 1 May 1995) | - | - |

No director has any interest in the preference shares or deferred shares of the company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the period the company purchased and maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

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


- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material disclosures and explanations 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 also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities. The Directors are satisfied that the business is a going concern.

HALL HARRISON COWLEY LIMITED**FOR THE PERIOD ENDED 31 JANUARY 1995****DIRECTORS' REPORT (CONTINUED)****AUDITORS**

The auditors, Solomon Hare, were appointed on 18 October 1995 and will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board by



M GLYNN
Company Secretary

Date: 5 December 1995

AUDITORS' REPORT TO THE MEMBERS OF HALL HARRISON COWLEY LIMITED

We have audited the accounts on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

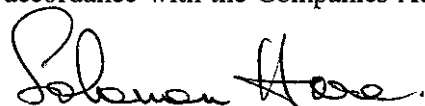
Basis of opinion

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 judgments 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 which 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 31 January 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



SOLOMON HARE

Registered Auditors
Chartered Accountants

Oakfield House
Oakfield Grove
Clifton
Bristol BS8 2BN

Date: 5 December 1995

HALL HARRISON COWLEY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 JANUARY 1995

| | Note | 29 September 1993 to 31 January 1995 £ |
|----------------------------------------------------|------|----------------------------------------------|
| TURNOVER | 2 | 15,562,531 |
| Cost of sales | | 9,969,158 |
| | | <hr/> |
| REVENUE | | 5,593,373 |
| Administrative expenses | | 6,295,857 |
| | | <hr/> |
| OPERATING LOSS | | (702,484) |
| Profit on sale of fixed assets | 3 | 28,342 |
| | | <hr/> |
| | | (674,142) |
| Interest payable | | (58,122) |
| | | <hr/> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (732,264) |
| Tax on loss on ordinary activities | 6 | - |
| | | <hr/> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | | (732,264) |
| Dividends | | - |
| | | <hr/> |
| RETAINED LOSS FOR THE PERIOD | 15 | (732,264) |
| | | <hr/> <hr/> |

There were no recognised gains or losses other than those recognised in the profit and loss account.

There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.


The company commenced its activities in the period.

HALL HARRISON COWLEY LIMITED

BALANCE SHEET AT 31 JANUARY 1995

| | Note | £ | 1995 £ |
|-------------------------------------------------|------|-------------|-----------|
| FIXED ASSETS | | | |
| Intangible assets | 7 | | 475,000 |
| Tangible assets | 8 | | 454,780 |
| | | | <hr/> |
| | | | 929,780 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 145,490 | |
| Debtors | 11 | 2,569,507 | |
| | | <hr/> | |
| | | 2,714,997 | |
| Creditors (amounts falling due within one year) | 12 | (3,484,599) | |
| | | <hr/> | |
| NET CURRENT LIABILITIES | | | (769,602) |
| | | | <hr/> |
| NET ASSETS | | | 160,178 |
| | | | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | | 194 |
| Share premium account | 15 | | 892,248 |
| Profit and loss account | 15 | | (732,264) |
| | | | <hr/> |
| Total shareholders' funds | | | 160,178 |
| | | | <hr/> |
| Equity shareholders' funds | | | (739,822) |
| Non equity shareholders' funds | | | 900,000 |
| | | | <hr/> |
| | | | 160,178 |
| | | | <hr/> |

Approved by the board


D HEAL
Director

Date: 5 December 1995

The notes on pages 9 to 18 form part of these accounts

HALL HARRISON COWLEY LIMITED**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JANUARY 1995**

| | Note | £ | 1995 £ |
|-----------------------------------------------------------------------|------|-----------|-------------|
| Net cash outflow from operating activities | 19 | | (258,888) |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (61,484) | |
| Net cash outflow from returns on investments and servicing of finance | | | (61,484) |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (40,707) | |
| Preliminary expenses | | (107,558) | |
| Sale of tangible fixed assets | | 33,418 | |
| Purchase of net assets of Hall Harrison Cowley Group plc | 23 | (600,000) | |
| Net cash outflow before financing | | | (1,714,847) |
| Financing | | | |
| Issue of ordinary shares | | 100,000 | |
| Additional borrowings | | 300,000 | |
| Net cash inflow from financing | 22 | | 400,000 |
| Decrease in cash and cash equivalents | 21 | | (635,219) |

The notes on pages 9 to 18 form part of these accounts

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a Basis of preparation

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Turnover

Turnover comprises amounts billed to clients including outlays, and excluding sales tax. Billings are usually rendered upon presentation date for media advertising and upon the completion of radio, television and print production.

c Revenue

Revenue represents the fees and commissions excluding sales taxes, from services provided to clients, and is generally recognised when work is billed.

d Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less the estimated residual value, over their expected useful lives on the following bases:

| | |
|-------------------------|-----------------------------------------------------------|
| Leasehold improvements | 10 years straight line (or over life of lease if shorter) |
| Information technology | 4 years straight line |
| Furniture and equipment | 6 years straight line |
| Motor vehicles | 4 years straight line |

e Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises mainly outlays incurred on behalf of clients.

f Deferred taxation

Provision is made, using the liability method, for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

g Fixed assets held under leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases.

HALL HARRISON COWLEY LIMITED**NOTES TO THE ACCOUNTS****1 ACCOUNTING POLICIES (continued)**

Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account using the actuarial method.

All other leases are 'operating leases' and the relevant annual rentals are charged to profit and loss account on a straight-line basis over the lease term.

h Pension costs

The company operates a defined contribution and a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

i Goodwill

Goodwill is amortised through the profit and loss account on a straight line basis over its expected useful life of 20 years.

2 TURNOVER

The turnover is wholly attributable to the principal activities of the company and arose wholly in the United Kingdom.

3 OPERATING LOSS

1995

£

The operating loss is arrived at after charging:

| | |
|----------------------------------|---------|
| Directors' remuneration (note 4) | 368,888 |
| Depreciation - owned assets | 260,118 |
| Amortisation of goodwill | 25,000 |
| Auditors' remuneration | 8,000 |
| Operating leases | |
| - plant and machinery | 68,419 |
| - other assets | 810,000 |

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

4 DIRECTORS' REMUNERATION

| | 1995 £ |
|----------------------------------------------------|------------------|
| Fees | 40,000 |
| Other emoluments (including pension contributions) | 304,027 |
| | <hr/> |
| | 344,027 |
| | <hr/> |
| Excluding pension scheme contributions: | |
| Chairman | 30,000 |
| | <hr/> |
| Highest paid director | 65,825 |
| | <hr/> |
| Other directors in scale: | No. of directors |
| £ 5,000 - £10,000 | 1 |
| £30,001 - £35,000 | 1 |
| £60,001 - £65,000 | 2 |
| £65,001 - £70,000 | 1 |
| | <hr/> |

5 STAFF NUMBERS AND COSTS

The average weekly number of persons employed by the company (including directors) during the period was as follows:

| | 1995 No. |
|------------------|-------------|
| Media operations | 133 |
| Administration | 26 |
| | <hr/> |
| | 159 |
| | <hr/> |

HALL HARRISON COWLEY LIMITED**NOTES TO THE ACCOUNTS****5 STAFF NUMBERS AND COSTS (CONTINUED)**

The aggregate payroll costs of these persons were as follows:

| | 1995 £ |
|-----------------------|-----------|
| Wages and salaries | 3,156,337 |
| Social security costs | 308,905 |
| Other pension costs | 121,771 |
| | <hr/> |
| | 3,587,013 |
| | <hr/> |

6 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax payable on the results for the period. Tax losses available to be carried forward against future profits are anticipated to be in excess of £500,000.

7 INTANGIBLE ASSETS

| | 1995 £ |
|------------------------|-----------|
| Cost | |
| At 29 September 1993 | - |
| Additions | 500,000 |
| | <hr/> |
| At 31 January 1995 | 500,000 |
| | <hr/> |
| Amortisation | |
| At 29 September 1993 | - |
| Provided during period | 25,000 |
| | <hr/> |
| At 31 January 1995 | 25,000 |
| | <hr/> |
| Net book amount | |
| At 31 January 1995 | 475,000 |
| | <hr/> |

The goodwill arose on the purchase of the assets of Hall Harrison Cowley Group Plc. Goodwill is being amortised over the directors' estimate of its useful economic life of 20 years.

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

8 TANGIBLE ASSETS

| | Leasehold improvements | Information technology | Furniture & equipment | Motor vehicles | Total |
|-----------------------|------------------------|------------------------|-----------------------|----------------|----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 29 September 1993 | - | - | - | - | - |
| Additions | 104,802 | 199,679 | 63,373 | 352,120 | 719,974 |
| Disposals | - | (5,257) | (12,537) | (8,440) | (26,234) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 January 1995 | 104,802 | 194,422 | 50,836 | 343,680 | 693,740 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At 29 September 1993 | - | - | - | - | - |
| Charge for the period | 13,893 | 85,306 | 17,962 | 142,957 | 260,118 |
| Relating to disposals | - | (5,257) | (12,537) | (3,364) | (21,158) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 January 1995 | 13,893 | 80,049 | 5,425 | 139,593 | 238,960 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book amounts | | | | | |
| At 31 January 1995 | 90,909 | 114,373 | 45,411 | 204,087 | 454,780 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

9 CAPITAL COMMITMENTS

There were no capital commitments at 31 January 1995.

10 STOCKS

| | 1995 £ |
|------------------|-----------|
| Work in progress | 145,490 |
| | <hr/> |

11 DEBTORS

| | 1995 £ |
|--------------------------------|-----------|
| Trade debtors | 2,430,908 |
| Prepayments and accrued income | 138,599 |
| | <hr/> |
| | 2,569,507 |
| | <hr/> |

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

| | 1995 £ |
|-------------------------------------|-----------|
| Bank loans and overdrafts (note 13) | 935,219 |
| Trade creditors | 1,546,999 |
| Other creditors | 159,552 |
| Other taxes and social security | 319,892 |
| Accruals and deferred income | 506,776 |
| Pension costs | 16,161 |
| | <hr/> |
| | 3,484,599 |
| | <hr/> |

13 BANK LOANS AND OVERDRAFTS

The aggregate amount of bank loans and overdrafts was as follows:

| | 1995 £ |
|--------------------------------------|-----------|
| Amounts falling due within one year: | |
| Bank overdraft | 635,219 |
| Bank loan | 300,000 |
| | <hr/> |
| | 935,219 |
| | <hr/> |

The bank loan carries interest at 2.5% per annum above the base lending rate of TSB Bank plc from time to time in force and was repaid in September 1995. The loan was secured with a floating charge over the assets of the company.

14 CALLED UP SHARE CAPITAL

| | 1995 £ |
|---------------------------------------|-----------|
| Authorised: | |
| 100,000 Ordinary shares of £0.12 | 12,000 |
| 175 Deferred shares of £1 | 175 |
| 900,000 Preference shares of £0.00001 | 9 |
| | <hr/> |
| | 12,184 |
| | <hr/> |
| | £ |
| Allotted and fully paid: | |
| 80 Ordinary shares of £0.12 | 10 |
| 175 Deferred shares of £1 | 175 |
| 900,000 Preference shares of £0.00001 | 9 |
| | <hr/> |
| | 194 |
| | <hr/> |

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

14 CALLED UP SHARE CAPITAL

The preference shares are redeemable at £1 per share as follows:

| | |
|------|---------------------------------|
| 1995 | 200,000 shares |
| 1996 | 300,000 shares |
| 1997 | 400,000 shares |
| 1998 | Any remaining unredeemed shares |
| 1999 | Any remaining unredeemed shares |

If the company does not have sufficient distributable reserves to redeem the shares, they will be carried forward to the next redemption date. Shares not redeemed at the final redemption date will be converted to deferred shares at the rate of 1 £1 deferred share for 100,000 preference shares.

The preference shareholders are not entitled to any dividend in respect of their preference shares.

The deferred shareholders are entitled to a fixed dividend in the sum of 1 penny per deferred share in respect of each year ending on 31 December.

The deferred and preference shares do not give any rights to vote in any meeting of the company.

In the event of a winding up, the surplus assets of the company after paying its liabilities shall be applied as follows:-

- i paying to the preference shareholders the sum of 0.001 of a penny for each preference share held;
- ii paying to the ordinary shareholders the sum of £50,000 on each ordinary share held;
- iii paying to the deferred shareholders the sum of £1 on each deferred share; and
- iv any surplus shall be paid to the holders of the ordinary shares pro rata according to their respective shareholdings.

HALL HARRISON COWLEY LIMITED

NOTES TO THE ACCOUNTS

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Share capital £ | Share premiums £ | Profit & loss account £ | 1995 Total £ |
|------------------------------------------------------|-----------------------|------------------------|-------------------------------|--------------------|
| At 1 February 1994 at commencement of business | 194 | 999,806 | - | 1,000,000 |
| Loss for the period | - | - | (732,264) | (732,264) |
| Preliminary expenses | - | (107,558) | - | (107,558) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 January 1995 | 194 | 892,248 | (732,264) | 160,178 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

16 COMMITMENTS UNDER OPERATING LEASES

At 31 January 1995 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings £ | Other £ |
|--------------------------------|----------------------------|------------|
| Operating leases which expire: | | |
| Within one year | 341,467 | 66,455 |
| In two to five years | 1,243,867 | 83,455 |
| After five years | 655,242 | - |
| | <hr/> | <hr/> |
| | 2,240,576 | 149,910 |
| | <hr/> | <hr/> |

17 PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company to the fund. Contributions payable to the fund at the period end were £16,161 and are included in creditors.

There is a defined benefit scheme which is managed by an independent trustee.

The pension cost relating to this scheme is assessed every three years in accordance with the advice of a qualified actuary using the attained age method. The most recent valuation at 1 January 1994 indicated that the scheme's assets were sufficient to meet its liabilities and that the fund presently had a surplus of £76,000.

18 RELATED PARTY TRANSACTIONS

During the period from 1 February 1994 to 31 January 1995 the company paid £1,000 per month to MSL Advertising Limited for the services of Mr H Maxwell who was a director of both companies.

HALL HARRISON COWLEY LIMITED**NOTES TO THE ACCOUNTS****19 RECONCILIATION OF OPERATING LOSS TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

| | 1995 £ |
|--------------------------------------------|-----------|
| Operating loss | (702,484) |
| Depreciation of tangible fixed assets | 260,118 |
| Amortisation of intangible assets | 25,000 |
| Decrease in stocks | (3,127) |
| Decrease in debtors | 368,152 |
| Decrease in creditors | (206,547) |
| | <hr/> |
| Net cash outflow from operating activities | (258,888) |
| | <hr/> |

**20 ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE PERIOD**

| | 1995 £ |
|----------------------|-----------|
| At 29 September 1993 | - |
| Net cash outflow | (635,219) |
| | <hr/> |
| At 31 January 1995 | (635,219) |
| | <hr/> |

**21 ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

| | Change in period 1995 £ |
|--------------------------|----------------------------------|
| Cash at bank and in hand | - |
| Bank overdrafts | (635,219) |
| | <hr/> |
| | (635,219) |
| | <hr/> |

22 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

| | 1995 £ |
|-----------------------------|-----------|
| Cash inflows from financing | 1,300,000 |
| | <hr/> |
| Balance at 31 January 1995 | 1,300,000 |
| | <hr/> |

HALL HARRISON COWLEY LIMITED**NOTES TO THE ACCOUNTS****23 PURCHASE OF THE NET ASSETS OF HALL HARRISON COWLEY GROUP PLC**

The assets purchased can be split as follows:-

| | £ |
|------------------------|-----------|
| Fixed assets | 679,267 |
| Goodwill | 500,000 |
| Other assets | 320,733 |
| | <hr/> |
| Purchase consideration | 1,500,000 |
| | <hr/> |
| Issue of shares | 900,000 |
| Satisfied by cash | 600,000 |
| | <hr/> |
| | 1,500,000 |
| | <hr/> |

24 DEFERRED TAXATION

Analysis of provision and potential liability

| | Amount provided | Amount unprovided |
|--------------------------------|-----------------|-------------------|
| Accelerated capital allowances | - | - |
| | <hr/> | <hr/> |

There is no provision for deferred taxation due to the extent of the losses for taxation purposes available for offset against any potential deferred tax.