

**Company Registration No 3284483**

**MFK GROUP LIMITED**

**Report and Financial Statements**

**28 February 2003**



**MFK Group Limited**

**REPORT AND FINANCIAL STATEMENTS 2003**

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## **MFK Group Limited**

### **REPORT AND FINANCIAL STATEMENTS 2003**

#### **OFFICERS AND PROFESSIONAL ADVISERS**

##### **DIRECTORS**

F Gypps  
I Dartnall  
N Dartnall  
W Price

##### **SECRETARY**

I Dartnall

##### **REGISTERED OFFICE**

23-25 Gunnels Wood Park  
Gunnels Wood Road  
Stevenage  
Hertfordshire  
SG1 2BH

##### **BANKERS**

Allied Irish Bank (GB)  
51 Belmont Road  
Uxbridge  
UB8 1RZ

##### **AUDITORS**

Baker Tilly  
Chartered Accountants  
5<sup>th</sup> Floor, Exchange House  
446 Midsummer Boulevard  
Central Milton Keynes  
MK9 2EA

## MFK Group Limited

### DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2003.

### ACTIVITIES

The principal activity of the company for the period under review was that of a holding company. The directors do not anticipate any significant changes in the foreseeable future.

### DIVIDENDS

During the year an interim preference dividend of £55,834 (2002: £57,600 paid) was proposed and a final preference dividend of £56,700 (2002: £57,600) has been proposed. An interim ordinary dividend of £7,650 (2002: £7,650 paid) was proposed and the directors propose a final dividend of £28,507 (2002: £73,339)

### DIRECTORS AND THEIR INTERESTS

The directors who served throughout the period are set out below.

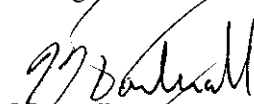
The directors' interests in the share capital of the company were as follows:

	Ordinary Shares of £1 each		'B' Preference shares of 1p each	
	28 February 2003	1 March 2002	28 February 2003	1 March 2002
F Gypps	128,125	128,125	365,750	365,750
I Dartnall	53,125	53,125	156,750	156,750
P Richards – resigned 30/9/03	25,000	25,000	-	-
B Goldstein – resigned 24/6/03	-	-	-	-
S Joynson - resigned 28/2/03	-	-	-	-
N Dartnall	-	-	-	-
W Price – appointed 1/9/03	-	-	-	-

### AUDITORS

Baker Tilly have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

  
I Dartnall  
Secretary

## **MFK Group Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year 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; and
- 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.

## **MFK Group Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MFK GROUP LIMITED.**

We have audited the financial statements on pages 7 to 19 of MFK Group Limited for the year ended 28 February 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **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 the company's affairs at 28 February 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Baker Tilly

Chartered Accountants and Registered Auditors  
5<sup>th</sup> Floor, Exchange House  
446 Midsummer Boulevard  
Central Milton Keynes  
MK9 2EA

11 December 2003

**MFK Group Limited**

**PROFIT AND LOSS ACCOUNT**

**Year ended 28 February 2003**

	Note	2003 £	2002 £
<b>TURNOVER – Income from shares in Group companies</b>	<b>2</b>	-	380,000
Administrative expenses		(118,244)	(100,215)
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	(118,244)	279,785
Net interest payable	<b>5</b>	(33,593)	(42,615)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(151,837)	237,170
Tax on profit on ordinary activities	<b>6</b>	-	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD</b>		(151,837)	237,170
Dividends – Equity and non-equity	<b>7</b>	(148,691)	(196,189)
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>		( 300,528)	40,981

All turnover and expenses are derived from continuing operations.

There are no recognised gains and losses for the current year other than the loss for the year. Accordingly, no statement of total recognised gains and losses is given

**MFK Group Limited**

**BALANCE SHEET**  
**28 February 2003**

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	8	5,214,074	5,214,074
Tangible assets	9	19,700	6,917
		<u>5,233,774</u>	<u>5,220,991</u>
<b>CURRENT ASSETS</b>			
Debtors	10	333,690	10,000
Cash at bank and in hand		-	-
		<u>333,690</u>	<u>10,000</u>
<b>CREDITORS: amounts falling due within one year</b>	11	(2,990,761)	(2,510,898)
<b>NET CURRENT LIABILITIES</b>		<u>(2,657,071)</u>	<u>(2,500,898)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,576,703	2,720,093
<b>CREDITORS: amounts falling due after more than one year</b>	12	(263,606)	(106,468)
		<u>2,313,097</u>	<u>2,613,625</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	330,325	330,325
Share Premium account	15	1,797,168	1,797,168
Capital Redemption Reserve	15	200	200
Profit and loss account		185,404	485,932
		<u>2,313,097</u>	<u>2,613,625</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>2,313,097</u>	<u>2,613,625</u>
Attributable to:			
Equity interests		558,189	858,717
Non-equity interests		1,754,908	1,754,908
		<u>2,313,097</u>	<u>2,613,625</u>

These financial statements were approved by the Board of Directors on 16 December 2003

Signed on behalf of the Board of Directors

  
J. Dartnall  
Director

**MFK Group Limited**

**CASH FLOW STATEMENT**  
**28 February 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Net cash inflow from operating activities</b>	<b>1</b>	(135,157)	481,044
<b>Returns on investments and servicing of finance</b>			
Interest paid		(33,593)	(42,615)
Non-equity dividends paid		-	(57,600)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(33,593)</u>	<u>(100,215)</u>
<b>Taxation</b>		-	-
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(5,080)	-
Proceeds from sale of tangible fixed assets		5,260	-
<b>Equity dividends paid</b>		<u>-</u>	<u>(65,807)</u>
Net cash flow before financing		<u>(33,593)</u>	<u>315,022</u>
<b>Financing</b>			
New bank loan		400,000	-
Repayment of bank loan		(277,769)	(219,000)
Redemption of preference shares		-	(20,000)
Repayment of hire purchase creditor		(4,106)	-
<b>(Decrease)/increase in cash in the year</b>		<u><u>(50,445)</u></u>	<u><u>76,022</u></u>

**NOTES TO THE CASH FLOW STATEMENT**  
**28 February 2003**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH FROM OPERATING ACTIVITIES**

	<b>2003</b>	<b>2002</b>
	£	£
Operating(loss)/ profit	(118,244)	279,785
(Increase)/Decrease in debtors	(323,690)	213,239
Increase/(Decrease) in creditors	299,940	(14,286)
Depreciation	5,468	2,306
Loss on disposal of fixed assets	1,369	-
<b>Net cash flow from operating activities</b>	<b>(135,157)</b>	<b>481,044</b>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 March</b>		<b>At 28 February</b>	
	<b>2002</b>	<b>Cashflow</b>	<b>Other</b>	<b>2003</b>
	£	£	£	£
Cash at bank and in hand	-	-	-	-
Overdraft	(200,477)	(50,445)	-	(250,922)
	<u>(200,477)</u>	<u>(50,445)</u>	<u>-</u>	<u>(250,922)</u>
Hire purchase contracts	-	4,106	(19,800)	(15,694)
Debt due within one year	(120,000)	26,724	-	(93,276)
Debt due after one year	(106,468)	(148,955)	-	(255,423)
	<u>(226,468)</u>	<u>(118,125)</u>	<u>(19,800)</u>	<u>(364,393)</u>
<b>Total</b>	<b>(426,945)</b>	<b>(168,570)</b>	<b>(19,800)</b>	<b>(615,315)</b>

**3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2003</b>	<b>2002</b>
	£	£
(Decrease)/increase in cash in the period	(50,445)	76,022
Repayments of loans	277,769	219,000
New loans	(400,000)	-
New hire purchase contracts	(19,800)	-
Hire purchase repayments	4,106	-
<b>Change in net debt</b>	<b>(188,370)</b>	<b>295,022</b>
Net debt on 1 <sup>st</sup> March 2002	(426,945)	(721,967)
<b>Net debt at 28 February 2003</b>	<b>(615,315)</b>	<b>(426,945)</b>

## **MFK Group Limited**

### **NOTES TO THE ACCOUNTS**

**Year ended 28 February 2003**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Consolidation**

As permitted by Section 248 Companies Act 1985, consolidated accounts have not been prepared as the Group qualifies as a medium size group. The company's financial statements present the results of itself and are not consolidated to represent the Group.

##### **Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles                      25% on cost

##### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value. Those held as current assets are stated at the lower of cost and net realisable value.

##### **Deferred Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### **Going concern**

The directors have prepared the accounts on a going concern basis and consider this appropriate given the expected continuing support of the Group's bankers.

#### **2. TURNOVER**

Turnover represents income received from the company's principal activity which is the holding of investments in subsidiary companies.

#### **3. OPERATING (LOSS)/ PROFIT**

	<b>2003</b>	<b>2002</b>
<b>Operating (loss)/ profit is stated after charging:</b>	<b>£</b>	<b>£</b>
Depreciation – owned assets	288	2,306
Depreciation – leased assets	5,180	-
Auditors' remuneration – audit fees	2,800	2,800
Asset Disposal	1,369	-
	<hr/>	<hr/>

**MFK Group Limited****NOTES TO THE ACCOUNTS****Year ended 28 February 2003****4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors of the parent company received remuneration from group companies as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Directors' remuneration</b>		
Aggregate emoluments	481,451	455,613
Pension contributions	26,774	26,774
	<u>508,225</u>	<u>482,387</u>
	<u><u>508,225</u></u>	<u><u>482,387</u></u>

The company contributes to a defined contribution pension scheme for three directors (2002: three).

<b>Remuneration of the highest paid director:</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Remuneration	105,105	107,336
Pension contributions	16,274	5,250
	<u>121,379</u>	<u>112,586</u>
	<u><u>121,379</u></u>	<u><u>112,586</u></u>

**Staff costs during the year (including directors)**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	64,383	62,700
Social security costs	6,513	6,398
	<u>70,896</u>	<u>69,098</u>
	<u><u>70,896</u></u>	<u><u>69,098</u></u>

The average number of persons employed by the company during the year was 2 (2002: 2)

<b>5. INTEREST PAYABLE</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	32,793	42,615
HP Interest	800	-
	<u>33,593</u>	<u>42,615</u>
	<u><u>33,593</u></u>	<u><u>42,615</u></u>

# MFK Group Limited

## NOTES TO THE ACCOUNTS

Year ended 28 February 2003

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

	2003 £	2002 £
<b>TAXATION</b>		
Current tax:		
United Kingdom corporation tax on profits of period	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Effect of increase tax rate on opening liability	-	-
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) as explained below:

<b>Loss on ordinary activities before tax</b>	(151,837)	237,170
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(45,551)	71,151
<b>Effects of:</b>		
Expenses not deductible for tax purposes	209	300
Capital allowances less than/(in excess of ) depreciation	1,140	151
Dividends received from group companies not taxable	-	(114,000)
Losses surrendered for group relief	44,202	42,398
	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

There are no material deferred tax balances.

**MFK Group Limited****NOTES TO THE ACCOUNTS****Year ended 28 February 2003**

<b>7. DIVIDENDS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Equity dividends		
First interim proposed 7.2p per A ordinary share (2002: 7.2p)	7,650	7,650
Final proposed 26.83p per A ordinary share (2002: 69.02p)	28,507	73,339
	<hr/>	<hr/>
	36,157	80,989
Non-equity dividends:		
First interim proposed – 9% on A preference shares (2002: 9%)	55,834	57,600
Final proposed –9% on A preference shares (2002: 9%)	56,700	57,600
	<hr/>	<hr/>
	148,691	196,189
	<hr/> <hr/>	<hr/> <hr/>
 <b>8. INVESTMENTS HELD AS FIXED ASSETS</b>		
<b>Investment in group companies</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Cost		
At 1 March 2002	5,214,074	5,214,074
Additions	-	-
	<hr/>	<hr/>
At 28 February 2003	5,214,074	5,214,074
	<hr/> <hr/>	<hr/> <hr/>

# MFK Group Limited

## NOTES TO THE ACCOUNTS

Year ended 28 February 2003

The investments in group companies at 28 February 2003 are as follows:

Name of company	Country of Incorporation	Proportion of ordinary shares held:		Principal activity
		Directly	Indirectly	
Amity Company Ltd	Isle of Man	100%	-	Intermediate parent company
MFK Information Services Ltd	Great Britain	-	100%	Information Processing
Mendip Communications Ltd	Great Britain	-	100%	Information Processing
Pear Tree Press Ltd	Great Britain	-	100%	Printing and Imaging
Microset (UK) Limited	Great Britain	-	100%	Dormant
Petam Bookbinding Co Ltd	Great Britain	100%	-	Bookbinding
Chiltern Press Ltd	Great Britain	100%	-	Printing

The results of the subsidiary companies for the year ended 28 February 2003 and their capital and reserves at 28 February 2003 are as follows:

Name of Company	Retained Profit/(loss) For the Year ended 28 February 2003 £	Capital and reserves at 28 February 2003 £
Amity Company Limited	-	1,350,368
MFK Information Services Limited	(214,368)	319,985
Mendip Communications Limited	159,029	559,454
Pear Tree Press Limited	88,152	545,125
Microset (UK) Limited	-	-
Petam Bookbinding Company Limited	28,177	72,014
Chiltern Press Limited	117,530	189,954

# MFK Group Limited

## NOTES TO THE ACCOUNTS

Year ended 28 February 2003

### 9. TANGIBLE FIXED ASSETS

	2003 Motor Vehicle £
<b>Cost</b>	
At 1 March 2002	21,729
Additions in the year	24,880
Disposals	(21,729)
	<hr/>
<b>At 28 February 2003</b>	<b>24,880</b>
	<hr/>
<b>Accumulated depreciation</b>	
At 1 March 2002	14,812
Charge for the year	5,468
Disposals	(15,100)
	<hr/>
<b>At 28 February 2003</b>	<b>5,180</b>
	<hr/>
<b>Net Book value</b>	
At 28 February 2003	19,700
	<hr/>
<b>At 28 February 2002</b>	<b>6,917</b>
	<hr/>

The net book value of the company's assets includes £19,700 (2002: £nil) in respect of assets held under finance lease and hire purchase contracts.

### 10. DEBTORS

	2003 £	2002 £
Called up share capital not paid	10,000	10,000
Amounts due from group undertakings	321,623	-
Prepayments	2,067	-
	<hr/>	<hr/>
	<b>333,690</b>	<b>10,000</b>
	<hr/>	<hr/>

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts	344,198	320,477
Amounts owed to group undertakings	2,341,235	2,045,680
Corporation tax	-	-
Taxation and social security	2,527	2,633
Other creditors	178	834
Hire purchase contract	7,511	-
Accruals and deferred income	15,482	10,335
Proposed dividends	279,630	130,939
	<hr/>	<hr/>
	<b>2,990,761</b>	<b>2,510,898</b>
	<hr/>	<hr/>

**MFK Group Limited****NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003****12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank loans	255,423	106,468
Hire purchase contract ( due within 2 to 5 years)	8,183	-
	<u>263,606</u>	<u>106,468</u>

**13. BORROWINGS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Analysis of borrowings:		
Due within one year	93,276	120,000
Due within one to two years	93,276	120,000
Due within two to five years	169,679	-
Due after five years	-	-
	<u>356,231</u>	<u>240,000</u>
Less: Deferred issue costs	<u>(7,532)</u>	<u>(13,532)</u>
	<u>348,699</u>	<u>226,468</u>

The borrowings are secured by a fixed and floating charge over the assets of the company and other group companies.

The loan is repayable in monthly instalments. Interest is charged at a rate of 2.25% in excess of the bank's base rate.

**14. CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Authorised, called up and allotted:		
206,250 ordinary shares of £1 each	206,250	206,250
106,250 A ordinary shares of £1 each	106,250	106,250
1,260,000 A preference shares of 1p each	12,600	12,600
522,500 B preference shares of 1p each	5,225	5,225
	<u>330,325</u>	<u>330,325</u>

# MFK Group Limited

## NOTES TO THE ACCOUNTS

Year ended 28 February 2003

### 14. CALLED UP SHARE CAPITAL (CONTINUED)

#### Class rights

##### *Rights to dividend:*

A preference shares	9% of subscription price
B preference shares	None
A ordinary shares	9% of subscription price (fixed dividend) and 10% of group profits (less the fixed dividends)
Ordinary shares	As approved by members in general meeting (subject to certain conditions)

##### *Redemption rights:*

A preference shares	Redeemable by the company at £1 per share in twenty one equal instalments at six monthly intervals commencing 28 February 2002. Redemption is conditional upon certain Bank covenants being met. No redemptions were made during the year.
B preference shares	Redeemable by the company at £1 per share on 28 February 2007

##### *Rights on winding-up or capital reduction:*

Payable in the following order after payment of outstanding dividends:

A preference shares	Subscription price
A Ordinary shares	Subscription price
B preference shares	Subscription price
Ordinary shares	Subscription price
A ordinary and ordinary shares	The surplus, as though one class of share.

##### *Voting rights:*

A preference shares	None
B preference shares	None
A Ordinary shares	One vote per share
Ordinary shares	One vote per share

### 15. RESERVES

Movement in Shareholders' Funds are as follows:

	Share Capital £	Share Premium £	Capital Redemption £	Profit/ (loss) £	Total £
At 1 <sup>st</sup> March 2002	330,325	1,797,168	200	485,932	2,613,625
Loss for the financial year	-	-	-	(151,837)	(151,837)
Redemption of preference shares	-	-	-	-	-
Dividends				(148,691)	(148,691)
At 28 <sup>th</sup> February 2003	330,325	1,797,168	200	185,404	2,313,097

## **MFK Group Limited**

### **NOTES TO THE ACCOUNTS** **Year ended 28 February 2003**

#### **15 RESERVES (CONTINUED)**

The total of shareholders' funds comprises:

	2003 £	2002 £
Non-equity interests:		
-A preference shares	1,240,496	1,240,496
-B preference shares	514,412	514,412
	<hr/>	<hr/>
	1,754,908	1,754,908
Equity interests	558,189	858,717
	<hr/>	<hr/>
	<u>2,313,097</u>	<u>2,613,625</u>

#### **16. CONTINGENT LIABILITIES**

The company has entered into an omnibus guarantee and set off agreement with other group companies whereby it guarantees their bank loans and overdrafts. At the 28 February 2003 the aggregate amount of bank loans and overdrafts covered by these guarantees was approximately £591,000 (2002: £549,000). The company's assets are subject to a fixed and floating charge in respect of the guarantee.

The company has also entered into a cross guarantee with other group companies whereby it guarantees their hire purchase liabilities.

The company acts as guarantor for over all the property leases held by the subsidiary companies; MFK Information Services Limited and Pear Tree Press Limited.

#### **17. RELATED PARTY TRANSACTIONS**

During the period the company received dividends totalling £ Nil (2002: £380,000) from Amity Company Limited.

At the end of the period the company owed £1,356,487 (2002: £1,359,000) to Amity Company Limited and £581,182 (2002: £691,603) to Pear Tree Press Limited and £403,566 (2002: £nil) to MFK Information Services Limited. An amount of £nil (2002: £4,924) was owing to the company from MFK Information Services Limited and £90,931(2002: £nil) from Petam Bookbinding Company Limited and £230,692 (2002: £nil) from Chiltern Press Limited.