

Bray Leino Group Limited

Annual Report

Period from 18 September 1998 to 31 December 1999

**Company Registration Number
3636970**



Bray Leino Group Limited

Annual Report

Period from 18 September 1998 to 31 December 1999

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Bray Leino Group Limited

Directors' Report

Period from 18 September 1998 to 31 December 1999

The directors submit their report and the audited consolidated financial statements of the company and its subsidiaries for the period ended 31 December 1999.

Results and Dividends

The group's trading profit for the period after tax was £852,183. Ordinary dividends totalling £451,652 were paid during the period. The directors recommend a payment of a dividend of £13,818 on the 'A' preference shares. The surplus for the period of £386,713 will be transferred to reserves.

Review of the Business

The company was incorporated, as Artline Productions Limited, on the 18 September 1998 and commenced trading on the 2 October 1998. On the 13 October 1998 the company's name was changed to Bray Leino Group Limited.

On 2 October 1998 the company purchased 80% of the share capital of Bray Leino Limited. The consolidated accounts include the results of this company and its subsidiaries from the date of acquisition.

The group's principal activity is that of an Advertising Agency, and although this continues to grow and flourish, growth is also coming from its other activities of:- Exhibition design and construction; training consultants; graphic design and printing; market research and web site design.

1999 has been a successful period and the directors are confident as to the group's continued growth and profitability.

Directors

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary £1 shares	A Preference £1 shares		B Preference £1 shares
	2 October 1998 and 31 December 1999	2 October 1998	31 December 1999	2 October 1998 and 31 December 1999
D W Morgan	397,699	-	-	177,534
M A J Kusmidrowicz	149,137	-	-	135,424
S R James	149,137	-	-	-
J E Colom-Moreno	124,281	-	-	25,611
T R Coates	24,856	-	-	28,882
M J Harvey	43,498	-	-	79,758
S J Madge	18,642	-	-	16,647
L C Walker	-	28,531	14,265	-
W Fletcher	-	-	-	-
OSS Directors Limited	-	-	-	-

Bray Leino Group Limited

Directors' Report (*continued*)

Directors (*continued*)

D W Morgan and T R Coates were appointed as directors on 2 October 1998.

M A J Kusmidrowicz, S R James, J E Colom-Moreno, M J Harvey and S J Madge were appointed as directors on 13 October 1998.

W Fletcher was appointed as a director on 26 October 1998.

L C Walker was appointed as a director on 4 November 1998.

OSS Directors Limited was appointed as a director on 18 September 1998 and resigned on 2 October 1998, during this period it held two ordinary £1 shares.

Disabled Persons

It is the group's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all suitable career development opportunities available to staff. Opportunities also exist for employees of the group who become disabled to continue in their employment or to be trained for other positions in the group.

Employee Involvement

The group is committed to involve all employees in the performance and development of the group. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the group.

Donations

During the period the group made the following contributions:

	£
Charitable	<u>3,160</u>

Auditors

A resolution to reappoint the auditors, Francis Clark, Chartered Accountants, will be proposed at the Annual General Meeting.

Signed by order of the directors


Company Secretary

Bray Leino Group Limited

Statement of Directors' Responsibilities

Period from 18 September 1998 to 31 December 1999

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 group at the end of the year and of the profit or loss of the group for the year then ended.

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 group 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 group 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.

Bray Leino Group Limited

Auditors' Report to the Shareholders

Period from 18 September 1998 to 31 December 1999

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

Respective Responsibilities of the Directors and the Auditors

As described on page 3, the company's directors are responsible for the preparation of the 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 group's circumstances, consistently applied and adequately disclosed.

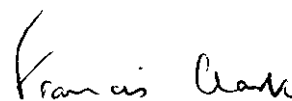
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and the group as at 31 December 1999 and of the profit of the company and the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Francis Clark
Chartered Accountants
23 Devon square
Newton Abbot
Devon
TQ12 2HU

31 May 2000



Registered Auditors

Bray Leino Group Limited

Consolidated Profit and Loss Account

Period from 18 September 1998 to 31 December 1999

	Notes	£
Turnover	2	25,004,797
Cost of sales		18,985,236
Gross Profit		6,019,561
Distribution costs		671,867
Administrative expenses		3,843,364
Operating Profit		1,504,330
Interest receivable		30,107
Interest payable	3	(124,920)
Profit on Ordinary Activities Before Taxation	4	1,409,517
Tax on profit on ordinary activities	7	514,035
Profit on Ordinary Activities After Taxation		895,482
Equity Minority Interests		(43,299)
Profit for the Financial Period		852,183
Dividends	8	465,470
Retained Profit For the Financial Period	16	386,713

All operating profit for the period has been derived from activities acquired during the period.

Movements on reserves are shown in note 16 on page 20.

The group has no recognised gains or losses other than the profit for the period.

Bray Leino Group Limited

Company Profit and Loss Account

Period from 18 September 1998 to 31 December 1999

	£
Administration expenses	2,700
Operating Loss	(2,700)
Income from shares in group undertakings	764,544
Profit on Ordinary Activities Before Taxation	761,844
Tax on profit on ordinary activities	850
Profit on Ordinary Activities After Taxation	762,694
Dividends	465,470
Retained profit For the Financial Period	297,224

All operating profit for the period has been derived from activities acquired during the period.

Movements on reserves are shown in note 16 on page 20.

The company has no recognised gains or losses other than the profit for the period.

Bray Leino Group Limited

Consolidated Balance Sheet

31 December 1999

	Notes	£
Fixed Assets		
Intangible assets	9	383,948
Tangible assets	10	2,120,106
Investments	11	1
		<u>2,504,055</u>
Current Assets		
Stocks		381,028
Debtors	12	3,507,107
Cash at bank and in hand		166,072
		<u>4,054,207</u>
Creditors - Amounts falling due within one year	13	<u>(4,119,462)</u>
Net Current Liabilities		<u>(65,255)</u>
Total Assets Less Current Liabilities		<u>2,438,800</u>
Creditors - Amounts falling due after more than one year	13	(163,872)
Provisions for Liabilities and Charges	14	(18,000)
Equity Minority Interests		<u>(338,215)</u>
		<u>1,918,713</u>
Capital and Reserves		
Called up share capital	15	1,532,000
Profit and loss account	16	386,713
Shareholders' Funds	17	<u>1,918,713</u>

These financial statements were approved by the directors on 30 May 2000, and are signed on their behalf by:



S R JAMES

Bray Leino Group Limited

Company Balance Sheet

31 December 1999

	Notes	£
Fixed Assets		
Investments	11	<u>1,616,863</u>
Current Assets		
Debtors	12	228,879
Creditors - amounts falling due within one year	13	<u>16,518</u>
Net Current Assets		<u>212,361</u>
Total Assets Less Current Liabilities		<u><u>1,829,224</u></u>
Capital and Reserves		
Called up share capital	15	1,532,000
Profit and loss account	16	<u>297,224</u>
Shareholders' Funds	17	<u><u>1,829,224</u></u>

These financial statements were approved by the directors on the 30 May 2000, and are signed on their behalf by:



S R JAMES

Bray Leino Group Limited

Consolidated Cash Flow Statement

Period from 18 September 1998 to 31 December 1999

	Notes	£
Net Cash Inflow From Operating Activities	18	<u>1,323,262</u>
Returns on Investments and Servicing of Finance		
Interest received		30,107
Interest paid		<u>(124,920)</u>
Cash Outflow From Returns on Investments and Servicing of Finance		<u>(94,813)</u>
Taxation		<u>(572,502)</u>
Capital Expenditure and Financial Investment		
Receipts from sales of tangible fixed assets		151,787
Payments to acquire tangible fixed assets		<u>(380,675)</u>
Cash Outflow for Capital Expenditure and Financial Investments		<u>(228,888)</u>
Acquisitions		
Net cash acquired with subsidiary undertakings		<u>107,010</u>
Equity dividends paid		<u>(451,652)</u>
Financing		
Issue of shares in subsidiaries		400
Redemption of own shares		(84,863)
Repayments of loans		(33,689)
Capital element of HP and finance leases		<u>(410,309)</u>
Cash Outflow from Financing		<u>(528,461)</u>
Decrease in Cash	20	<u><u>(446,044)</u></u>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

The consolidated financial statements incorporate the financial statements of Bray Leino Group Limited for the period since incorporation and the results of the subsidiaries from the date of acquisition.

Turnover

Turnover represents the amounts derived from the provision of services to clients, excluding value added tax.

Commission income is brought into account based upon the public presentation date for media advertising. Service fee income is recognised on a time basis, and production income is recognised when billed to clients.

Intangible Fixed Assets

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the net assets required) is written off over its estimated useful economic life of ten years.

Tangible Fixed Assets and Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	15 years straight line
Plant and Machinery	-	15% reducing balance / 25% straight line
Motor Vehicles	-	25% straight line

No depreciation is provided on freehold property. It is the group's policy to maintain its buildings in such a state that the value is not impaired by the passage of time. Such expenditure is charged to profits in the period in which it is committed. As a consequence any element of depreciation would, in the opinion of the directors be immaterial and no provision has been made.

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

1. Accounting Policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is stated at the lower of cost and net realisable value, cost being the invoiced cost of goods and services supplied by outside parties for jobs in production.

Net realisable value is based on estimated invoice value less further costs expected to be incurred on completion.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

2. Group Turnover

	£
Advertising agency	17,490,442
Exhibitions and printing	3,246,150
Management consultancy	3,210,572
Market research	983,732
Design of web-sites	73,901
	<hr/>
	25,004,797
	<hr/>
United Kingdom	23,956,983
Europe	962,335
United States	36,792
Other	48,687
	<hr/>
	25,004,797
	<hr/>

3. Interest Payable

Bank loans and overdrafts	28,774
Other loans	48,437
On hire purchase and finance lease agreements	47,709
	<hr/>
	124,920
	<hr/>

4. Profit on Ordinary Activities before Taxation

The profit on ordinary activities before taxation is after charging (crediting):

Auditors' remuneration	24,258
Amounts paid to auditors for non-audit work	46,977
Amortisation of goodwill	54,850
Depreciation of tangible fixed assets	674,504
Profit on disposal of tangible fixed assets	(54,760)
Hire of plant and machinery	31,329
Other operating leases	164,322
	<hr/>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

5. Directors' Emoluments

	£
Emoluments	1,079,561
Company contributions to money purchase pension schemes	150,321
	<u>1,229,882</u>
Highest paid director	190,827
Money purchase pension contributions of highest paid director	28,500
	<u>219,327</u>
	Number
Number of directors to whom money purchase pension benefits are accruing	<u>8</u>

6. Staff

Average number employed in the period:	
Production and sales	208
Office and management	79
	<u>287</u>
	£
Aggregate amounts paid in respect of:	
Wages and salaries	5,459,717
Social security costs	521,978
Defined contribution pension costs	378,409
	<u>6,360,104</u>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

7. Taxation

	£
Corporation tax based on the results for the period at 30%	512,405
Increase in deferred tax provision (note 14)	
Capital allowances	1,630
	<u>514,035</u>

8. Dividends

Equity shares	
Ordinary dividend paid	451,652
Non-equity shares	
'A' preference dividend proposed	13,818
	<u>465,470</u>

9. Intangible Assets - Goodwill

	Group £	Company £
On acquisition of subsidiaries	438,798	-
Amortisation for period	(54,850)	-
Net book value at 31 December 1999	<u>383,948</u>	<u>-</u>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

10. Fixed Assets - Tangible

Group	Freehold and leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
Acquisitions of subsidiary undertakings	843,565	1,873,986	956,757	3,674,308
Additions	23,915	282,348	613,921	920,184
Disposals	-	(68,795)	(393,170)	(461,965)
At 31 December 1999	867,480	2,087,539	1,177,508	4,132,527
Depreciation				
Acquisitions of subsidiary undertakings	42,574	1,177,269	490,012	1,709,855
Charge for period	65,640	274,151	334,713	674,504
Eliminated on disposal	-	(52,450)	(319,488)	(371,938)
At 31 December 1999	108,214	1,398,970	505,237	2,012,421
Net book value				
At 31 December 1999	759,266	688,569	672,271	2,120,106

Freehold and leasehold property includes:

	£
Freehold land and buildings	
Cost	120,000
Depreciation to date	-
Net book value 31 December 1999	120,000

The remainder relates to short leasehold property.

Hire purchase and finance lease agreements

Included within the net book value of £2,120,106 is £557,992 relating to assets held under hire purchase agreements, and £4,068 relating to assets held under finance lease agreements. The depreciation charged in the period in respect of assets held under hire purchase agreements amounted to £156,164 and £2,437 in respect of assets held under finance lease agreements.

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

11. Investments - Unlisted at Cost

	Group £	Company £
Shares in subsidiary undertakings		
Additions and at 31 December 1999	<u>1</u>	<u>1,616,863</u>
Other unlisted investments		
Acquisitions of subsidiary undertakings	7,000	-
Disposals	(7,000)	-
	<u>-</u>	<u>-</u>
At 31 December 1999	<u>-</u>	<u>-</u>

On 2 October 1998 the company acquired 80% of Bray Leino Limited. This has been accounted for using the acquisition method. The goodwill arising on acquisition has been carried forward as an intangible fixed asset - see note 9.

Details of the subsidiary undertakings are as follows:

In each case, the holding shown relates to ordinary shares in the company and the companies are registered in England. The principal activities are shown in note 2 to the financial statements.

Name of Company	Holding
Bray Leino Limited	80%
Blue Sky (UK) Limited	100% *
Entri Research Limited	100% *
Bray Leino Training for Change Limited	100% *
Bray Leino New Media Limited	60% *
Designamo Limited (dormant)	100% *

* The shares in these subsidiaries are held by Bray Leino Limited.

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

11. Investments - Unlisted at Cost (continued)

Purchase of Bray Leino Limited and its Subsidiary Undertakings

	£
Net assets required:	
Tangible fixed assets	1,964,453
Investments	7,000
Stock and work in progress	308,523
Debtors	3,024,111
Cash at bank and in hand	107,010
Creditors and provisions	(3,938,516)
	<hr/>
Fair value of net assets acquired	1,472,581
	<hr/>
80% thereof	1,178,065
Goodwill	438,798
	<hr/>
	1,616,863
	<hr/>
Satisfied by:	
Issue of share capital	1,616,863
	<hr/>

Details of Bray Leino Limited and its Subsidiary Undertakings

	£
Nine months ended 30 September 1998:	
Turnover	15,530,764
Operating profit	1,029,374
Profit before tax	1,001,190
Taxation	365,789
	<hr/>
Year ended 31 December 1997:	
Profit after tax	432,251
	<hr/>

The subsidiaries had no recognised gains or losses other than the profits reported above.

12. Debtors

	Group £	Company £
Trade debtors	3,345,518	-
Amounts owed by group undertakings	-	228,029
Directors' current accounts	55,457	-
Taxation recoverable	3,177	850
Other debtors	95,655	-
Prepayments and accrued income	7,300	-
	<hr/>	<hr/>
	3,507,107	228,879
	<hr/>	<hr/>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

13. Creditors: Amounts falling due within one year:

	Group £	Company £
Bank loans and overdrafts	612,116	-
Payments received on account	342,771	-
Trade creditors	1,809,764	-
Other creditors including:		
Corporation tax	367,000	-
PAYE and social security	244,117	-
VAT	208,214	-
Dividend	13,818	13,818
HP and finance leases	275,092	-
Commercial loan	10,979	-
Other	235,591	2,700
	<u>4,119,462</u>	<u>16,518</u>

Creditors: Amounts falling due after more than one year:

HP and finance leases	126,872	-
Other	37,000	-
	<u>163,872</u>	<u>-</u>

The bank loans and overdrafts are secured by a fixed charge over the freehold and leasehold land and buildings, and a floating charge over the remaining assets. Obligations under finance leases, hire purchase contracts and the commercial loan are secured by a charge over the assets to which the contract relates.

All hire purchase and finance lease obligations are payable within five years.

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

14. Deferred Taxation

The movement in the deferred taxation provision during the period was:

	Group £	Company £
Acquisitions of subsidiary undertakings	16,370	-
Increase in provision	1,630	-
Provision carried forward	<u>18,000</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation on fixed assets	<u>18,000</u>	<u>-</u>
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15. Share Capital

Authorised share capital:

	£
Equity shares	
1,000,000 Ordinary shares of £1 each	1,000,000
Non-equity shares	
250,000 "A" Preference shares of £1 each	250,000
500,000 "B" Preference shares of £1 each	500,000
	<u>1,750,000</u>

Allotted during the period:

	No	£
Equity shares		
Ordinary shares	907,250	907,250
Non-equity shares		
"A" Preference shares	245,757	245,757
"B" Preference shares	463,856	463,856
	<u>1,616,863</u>	<u>1,616,863</u>

Redeemed during the period at par:

Non-equity shares		
"A" Preference shares	<u>84,863</u>	<u>84,863</u>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

15. Share Capital (continued)

Allotted, called up and fully paid at 31 December 1999:

	No	£
Equity shares		
Ordinary shares	907,250	907,250
Non-equity shares		
"A" Preference shares	160,894	160,894
"B" Preference shares	463,856	463,856
	<u>1,532,000</u>	<u>1,532,000</u>

Provided always that the company shall have sufficient profits available for distribution from which such dividend may be paid, the holders of the "A" preference shares are entitled to receive a fixed, non-cumulative, annual dividend in an amount equal to five per cent of the amount paid up, or credited as paid up, on such preference shares. Upon any redemption of the "A" preference shares the company shall pay to the holders of the "A" preference shares being redeemed a pro rated dividend in respect of the period between the accrual of the last annual dividend and the date of redemption, together with the principal amount payable on redemption. The "B" preference shares have no rights to dividends.

No "B" preference shares may be redeemed until all "A" preference shares have been redeemed, unless all "A" preference shareholders agree otherwise in writing. All preference shares are to be redeemed at par. Neither class of preference shares hold any voting rights.

16. Profit and Loss Account

	Group £	Company £
Profit for the period and at 31 December 1999	<u>386,713</u>	<u>297,224</u>

17. Reconciliation of Movements on Shareholders' Funds

	£
Group	
Profit for the period	852,183
Dividends	(465,470)
	<u>386,713</u>
Issue of share capital	1,616,863
Redemption of share capital	(84,863)
	<u>1,918,713</u>
At 31 December 1999	

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

17. Reconciliation of Movements on Shareholders' Funds (continued)

	£
Company	
Profit for the period	762,694
Dividends	(465,470)
	<hr/>
	297,224
Issue of share capital	1,616,863
Redemption of share capital	(84,863)
	<hr/>
At 31 December 1999	1,829,224
	<hr/>

Shareholders' funds for both the group and the company include non-equity interests of £160,894 relating to the "A" preference shares and £463,856 relating to the "B" preference shares.

18. Reconciliation of Operating Profit to Net Cash

Inflow from Operating Activities

Operating profit	1,504,330
Depreciation and amortisation charges	729,354
Profit on sale of tangible fixed assets	(54,760)
Increase in stocks	(72,905)
Increase in debtors	(479,819)
Decrease in creditors	(302,938)
	<hr/>
Net cash inflow from operating activities	1,323,262
	<hr/>

19. Reconciliation of Net Cash Flow to Movement in Net Debt

Decrease in cash in the period	(446,044)
Cash inflow from increase in loans and lease financing	(95,512)
Loans and finance leases acquired with subsidiaries	(317,431)
	<hr/>
Net debt at 31 December 1999	(858,987)
	<hr/>

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

20. Analysis of Changes in Net Debt

	Acquisition (excluding cash and overdrafts) £	Cash £	At 31 December 1999 £
Net cash:			
Cash in hand, and at bank	-	166,072	166,072
Overdrafts	-	(612,116)	(612,116)
		<u>(446,044)</u>	
Debt:			
Loans	(44,668)	33,689	(10,979)
HP and finance leases	(272,763)	(129,201)	(401,964)
		<u>(95,512)</u>	
Net Debt	<u><u>(317,431)</u></u>	<u><u>(541,556)</u></u>	<u><u>(858,987)</u></u>

21. Commitments Under Operating Leases

At 31 December 1999 the group had annual commitments under non-cancellable operating leases as set out below.

Land and buildings

Operating leases which expire:

After more than 5 years

£110,000

Bray Leino Group Limited

Notes to the Financial Statements

Period from 18 September 1998 to 31 December 1999

22. Related Party Disclosures

The company is under the control of the directors

Bray Leino Limited is contracted to pay annual rent of £35,000 to Mrs P H Morgan and £35,000 to a partnership consisting of Mr S R James, Mrs A Kusmidrowicz and Mrs L Colom-Moreno for the use of their premises.

Blue Sky (UK) Limited has contracted to rent premises from Hannele Properties Limited, in which Mr D W Morgan has a 100% beneficial interest, for a commercial rent of £48,000 per annum. During the period the company commenced renting premises from a partnership, in which Hannele Properties Limited has a 50% interest and in which Mr S R James, Mrs A Kusmidrowicz and Mrs L Colom-Moreno jointly hold the remaining 50%, for a commercial rent of £40,000 per annum.

The following amounts were due by directors to the group during the period:

	Maximum during period	At 31 December 1999
	£	£
D W Morgan	47,530	-
M A J Kusmidrowicz	10,864	-
S R James	11,026	100
T R Coates	50,121	45,000
S J Madge	7,339	2,371

The company has not charged interest on amounts due.

23. Contingencies

The company has entered into an omnibus guarantee and set off agreement with Lloyds TSB Bank plc in respect of the following group companies:

Bray Leino Limited
Blue Sky (UK) Limited
Bray Leino Training for Change Limited
Entri Research Limited
Bray Leino New Media Limited