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**REGISTRARS
COPY**

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

31ST DECEMBER 1988

COMPANIES HOUSE

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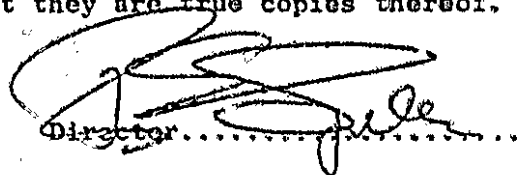
DIRECTORS' REPORT AND ACCOUNTS OF

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

No. of Company: 509000

For the Year Ended 31st December 1988

We hereby certify that the annexed Accounts, Notes and Schedules,
together with the Reports of the Directors and Auditors were laid
before the Company in general meeting during the period to which
the annual return relates and that they are true copies thereof.


Director.....

Date...18/10/1989....

Secretary...M. J. Hall....

JAMES AND COMPANY

Chartered Accountants

LONDON

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

DIRECTORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1988

The Directors present their Annual Report together with the audited accounts of the Company and the Group for the year ended 31st December 1988.

RESULTS AND DIVIDEND

The Group profit for the year after taxation amounted to £7,300.

The Directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activities of the Group are commercial and private photography, photographic processing, the manufacture and distribution of photographic albums, and retailing photographic materials.

The Directors are entirely satisfied with the result for the year.

On 11th December 1987 a new subsidiary, James Russell and Sons (Photography) Limited, was formed which commenced trading on 1st January 1988. This new trading entity was formed to engross the support given to the Group by three younger members of staff who have been appointed directors of that company since the balance sheet date.

FUTURE DEVELOPMENTS AND EVENTS SINCE THE BALANCE SHEET DATE

There have been no material events since the Balance Sheet date.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets during the year are shown in the schedules attached to the balance sheets.

DIRECTORS AND THEIR INTERESTS

As at the balance sheet date the Board of Directors together with their respective shareholdings in the Company was as follows:-

	<u>'A' Ordinary</u> <u>Shares of £1 each</u> <u>As at 31.12.1988</u> <u>and 31.12.1987</u>	<u>'B' Ordinary</u> <u>Shares of £1 each</u> <u>As at 31.12.1988</u> <u>and 31.12.1987</u>
R.E. SPELLS	1634	NIL
N.D. FIELDER	125	125
W. SIMMONDS	125	125
R.W. THAME	NIL	NIL
R.G. SPELLS	1566	4700
MISS M.J. MALES	NIL	NIL

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

DIRECTORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1988

- continued -

AUDITORS

The auditors, Messrs. James and Company, have expressed their willingness to continue in office and an appropriate resolution confirming their re-appointment will be put to the shareholders for their approval.

By Order of the Board

M. J. Males

M.J. MALES
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED


We have audited these financial statements in accordance with approved Auditing Standards.

In common with many businesses of similar size and organisation the Company's and the Group's system of control is dependent upon the close involvement of the directors. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company and the Group at 31st December 1988 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.

Dated:- 29th September 1989

LONDON


JAMES AND COMPANY

Chartered Accountants

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1986

As At
31st December 1987

<u>£</u>	<u>£</u>	<u>NOTES</u>	<u>£</u>	<u>£</u>
		<u>FIXED ASSETS</u>		
288,557		Tangible Assets - per schedule		295,634
		<u>CURRENT ASSETS</u>		
	136,408	Stocks	2	116,467
	104,692	Debtors	3	137,449
	365	Cash at Bank and in Hand		273
	<u>241,465</u>			<u>254,189</u>
	279,480	<u>CREDITORS: Amounts falling due within one year</u>	4	<u>282,336</u>
(38,015)		<u>NET CURRENT LIABILITIES</u>		<u>(28,147)</u>
		<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		
250,542				267,487
		<u>Less:</u>		
		<u>CREDITORS: Amounts falling due after more than one year</u>	4	
111,613				121,258
138,929				146,229
2,921		<u>MINORITY INTEREST</u>		3,290
<u>£136,008</u>				<u>£142,939</u>
		<u>CAPITAL AND RESERVES</u>		
9,900		Called up Share Capital	7	9,900
18,232		General Reserve		18,232
107,876		Profit and Loss Account		114,807
<u>£136,008</u>				<u>£142,939</u>

[Signature]
 DIRECTORS

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

CONSOLIDATED SCHEDULE OF TANGIBLE FIXED ASSETS AS AT 31ST DECEMBER 1988

	Freehold Land	Freehold Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£	£	£
Cost brought forward 1.1.1988	56,208	118,004	183,893	14,350	19,179	65,762	457,396
Additions in year	-	4,460	22,932	-	-	19,490	46,882
Disposals in year	56,208	122,464	206,825	14,350	19,179	35,252	504,278
	-	-	61,422	-	-	18,813	80,235
Cost as at 31.12.1988	56,208	£122,464	£145,403	£14,350	£19,179	£66,439	£424,043
Aggregate Depreciation brought forward 1.1.1988	-	19,345	104,361	9,350	10,712	26,071	168,839
Charge for year	-	2,449	9,804	500	846	12,464	26,063
Disposals in year	-	20,794	114,165	9,850	11,558	38,535	194,902
	-	-	57,601	-	-	9,492	66,493
Aggregate Depreciation as at 31.12.1988	£ -	£ 20,794	£ 57,164	£ 9,850	£11,558	£29,043	£128,408
Net Book Value as at 31.12.1988	£56,208	£101,670	£ 88,239	£ 4,500	£ 7,621	£37,396	£295,634
Net Book Value as at 31.12.1987	£56,208	£ 99,659	£ 79,532	£ 5,000	£ 8,467	£39,691	£288,557

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1988

For the Year Ended
31st December 1987

<u>£</u>		<u>NOTES</u>	<u>£</u>
722,722	<u>GROUP TURNOVER</u>	8	750,277
306,875	Cost of Sales		290,553
415,847	Gross Profit		459,724
398,318	Administrative Expenses		451,377
17,529			8,347
23,822	Other Operating Income	9	25,961
41,351	<u>GROUP OPERATING PROFIT</u>	10	34,508
20,987	Interest Payable	13	23,940
20,364	<u>GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		10,368
6,534	Tax on profit on ordinary activities	14	3,068
13,830	<u>GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		7,300
5,800	Dividend Paid		-
8,030			7,300
555	Minority Interest		369
7,475			6,931
100,401	Group Retained Profit brought forward		107,876
<u>£107,876</u>	<u>GROUP RETAINED PROFIT CARRIED FORWARD</u>		<u>£114,807</u>

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

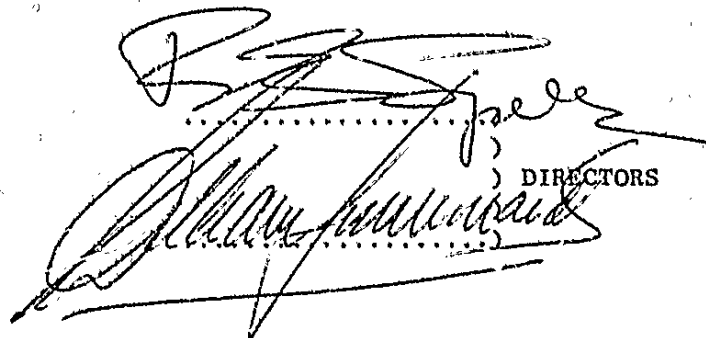
	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation and after minority interest	9,999	19,809
Adjustment for items not involving the movement of funds:		
Depreciation	25,280	26,335
Minority Interest	369	555
	<u>25,649</u>	<u>26,890</u>
<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>35,648</u>	<u>46,699</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Proceeds from the sale of tangible fixed assets	14,525	7,795
	<u>£50,173</u>	<u>£54,484</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of tangible fixed assets	46,882	66,588
Corporation Tax paid	6,937	3,267
Dividend Paid	-	5,800
<u>MOVEMENT IN WORKING CAPITAL</u>		
Stocks	(19,941)	(1,019)
Debtors	32,757	(6,839)
Creditors	(14,402)	(1,099)
Movement in net liquid funds:		
Cash Balances	(92)	84
Bank Overdraft	(1,968)	(12,298)
	<u>(3,646)</u>	<u>(21,171)</u>
	<u>£ 50,173</u>	<u>£ 54,484</u>

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1988

As At
31st December 1987

<u>£</u>	<u>£</u>	<u>NOTES</u>	<u>£</u>	<u>£</u>
		<u>FIXED ASSETS</u>		
272,149		Tangible Assets - per schedule		169,537
751		Investment in subsidiaries 15		751
		<u>CURRENT ASSETS</u>		
	24,669	Stocks 2	-	
	110,254	Debtors 3	191,281	
	313	Cash at bank and in hand	216	
	135,236		191,497	
	170,186	<u>CREDITORS: Amounts falling due within one year</u> 4	110,556	
(34,950)		<u>NET CURRENT ASSETS/(LIABILITIES)</u>		80,941
237,950		<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		251,229
		Less:		
		<u>CREDITORS: Amounts falling due after more than one year</u> 4		120,348
110,703				
£127,247				£130,881
		<u>CAPITAL AND RESERVES</u>		
	9,900	Called up Share Capital 7	9,900	
	18,232	General Reserve	18,232	
	92,115	Profit and Loss Account	102,749	
£127,247				£130,881


 DIRECTORS

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

SCHEDULE OF TANGIBLE FIXED ASSETS AS AT 31ST DECEMBER 1988

	Freehold Land	Freehold Buildings	Plant and Equipment	Furniture and Fittings	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£	£	£
Cost brought forward 1.1.1988	56,208	118,064	182,412	10,778	19,179	41,217	427,798
Additions in year	-	4,460	-	-	-	-	4,460
Transferred to Group Company	56,208	122,464	182,412	10,778	19,179	41,217	432,258
Disposals in Year	-	-	(147,490)	-	-	(33,604)	(181,094)
	-	-	(34,922)	-	-	(5,500)	(40,422)
Cost as at 31.12.1988	£56,208	£122,464	£	£10,778	£19,179	£2,113	£210,742
Aggregate Depreciation brought forward 1.1.1988	-	18,345	103,670	6,528	10,712	16,394	153,649
Charge for Year	-	2,449	-	425	846	70	3,790
	-	20,794	103,670	6,953	11,558	16,464	159,439
Transferred to Group Company	-	-	(72,294)	-	-	(13,189)	(85,483)
Disposals in Year	-	-	(31,376)	-	-	(1,375)	(32,751)
Aggregate Depreciation as at 31.12.1988	£	£20,794	£	£6,953	£11,558	£1,900	£41,205
Net Book Value as at 31.12.1988	£56,208	£101,670	£	£3,825	£7,621	£213	£169,537
Net Book Value as at 31.12.1987	£56,208	£99,659	£78,742	£4,250	£8,467	£24,823	£272,149

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 1988

For the Year Ended
31st December 1987

<u>£</u>		<u>NOTES</u>	<u>£</u>
368,122	<u>TURNOVER</u>		-
92,081	Cost of Sales		-
<u>276,041</u>	Gross Profit		-
55,803	Other Operating Income	9	137,461
<u>331,844</u>			137,461
300,147	Administrative Expenses		117,897
<u>31,697</u>	<u>OPERATING PROFIT</u>	10	19,584
13,561	Interest Payable	13	12,936
<u>18,136</u>	<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		6,628
6,525	Tax on Profit on Ordinary Activities 14		2,994
<u>11,611</u>	<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		3,634
5,800	Dividend Paid		-
<u>5,811</u>			3,634
93,304	Retained Profit brought forward		99,115
<u>£ 99,115</u>	<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>£102,749</u>

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

NOTES FORMING PART OF THE GROUP ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 1988

1. ACCOUNTING POLICIES

a) Consolidated Accounts

The consolidated profit and loss account and balance sheet comprise the accounts of the Holding Company and its Subsidiaries to 31st December 1988.

b) Accounting Convention

These accounts have been prepared under the historical cost convention.

c) Turnover

Group turnover represents net sales during the year and excludes value added tax.

d) Depreciation

Depreciation of tangible fixed assets is arrived at after adjusting for profits and losses on realisations during the year and is provided to write off the cost over the estimated working life of the assets as follows:-

Freehold Land	- NIL
Freehold Buildings	- 2% on cost
Plant and Equipment	- 10% on written down value
Furniture, Fixtures and Fittings	- 10% on written down value
Office Equipment	- 10% on written down value
Motor Vehicles	- 25% on written down value

The apportionment of cost between Freehold Land and Buildings was made by the Directors.

e) Stocks

Stocks have been valued at the lower of cost and net realisable value.

f) Deferred Taxation

Provision is made for deferred taxation on all timing differences using the liability method except where, in the directors' opinion, such provision will not reverse in the foreseeable future.

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

NOTES FORMING PART OF THE GROUP ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 1988

- continued -

	<u>GROUP</u>		<u>HOLDING COMPANY</u>	
	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
2. <u>STOCKS</u>				
Consumables	23,998	24,669	-	24,669
Stocks for resale	92,469	111,739	-	-
	<u>116,467</u>	<u>136,408</u>	<u>-</u>	<u>24,669</u>
3. <u>DEBTORS</u>				
Trade Debtors (less Provision)	122,663	85,446	-	39,542
*Amounts due from Group Companies	-	-	181,021	54,382
Other Debtors	2,432	7,236	2,062	6,902
Prepayments	12,354	12,010	8,198	9,428
	<u>137,449</u>	<u>104,692</u>	<u>191,281</u>	<u>110,254</u>

*This includes an amount of £90,000 repayable after more than one year.

4. <u>CREDITORS</u>				
Amounts falling due within one year				
Bank Overdraft (Note 6)	109,442	107,474	28,385	51,496
Current Instalments on:-				
Mortgage (Note 5)	11,768	11,768	11,768	11,768
Hire Purchase Liabilities	6,833	19,667	6,833	12,698
Bank Loans (Note 6)	8,424	-	8,424	-
Trade Creditors	19,109	21,897	-	10,875
Corporation Tax	3,605	7,474	3,531	7,465
Other Taxes and Social Security Costs	46,670	35,302	4,829	22,089
Directors' Current Accounts	34,586	44,784	22,048	29,363
Amount due to Group Company	-	-	-	750
Other Creditors	29,501	21,333	21,818	17,579
Accruals	12,398	9,781	2,920	6,103
	<u>282,336</u>	<u>279,480</u>	<u>110,556</u>	<u>170,186</u>
Amounts falling due after more than one year				
Mortgage (Note 5)	52,492	55,981	52,492	55,981
Hire Purchase Liabilities	8,188	13,399	8,188	13,399
Bank Loans (Note 6)	3,345	-	3,345	-
Loan Accounts	57,233	42,233	56,323	41,323
	<u>121,258</u>	<u>111,613</u>	<u>120,348</u>	<u>110,703</u>

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

NOTES FORMING PART OF THE GROUP ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 1988

- continued -

	<u>GROUP</u>		<u>HOLDING COMPANY</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
5. <u>MORTGAGE</u>				
Repayable after 5 years	64,260	67,749	64,260	67,749
Less: Repayable within one year	11,768	11,768	11,768	11,768
	<u>52,492</u>	<u>55,981</u>	<u>52,492</u>	<u>55,981</u>

The Mortgage, which is secured on the Group's Freehold Property, is repayable over a 10 year period ending June 1997. Interest is charged at the rate of 2½% over Bank Base Rate.

6. BANK LOANS AND OVERDRAFT

Bank Loans and overdraft facilities are secured on the Group's Freehold Property and are supported by the unlimited cross guarantees of group companies.

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
7. <u>SHARE CAPITAL</u>		
Authorised: 10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and Fully Paid:		
4,950 'A' Ordinary Shares of £1 each	4,950	4,950
4,950 'B' Ordinary Shares of £1 each	4,950	4,950
	<u>9,900</u>	<u>9,900</u>

8. TURNOVER is all in respect of the United Kingdom, with the exception of of £4,110 (1987 - £1,269) which was exported to Europe.

	<u>GROUP</u>		<u>HOLDING COMPANY</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
9. <u>OTHER OPERATING INCOME</u>				
Service Charge	1,150	-	112,650	32,000
Bank Interest Received	9	29	9	10
Agency Fees Received	18,156	17,500	18,156	17,500
Rent Receivable	6,646	6,293	6,646	6,293
	<u>25,961</u>	<u>23,822</u>	<u>137,461</u>	<u>55,803</u>

JAMES RUSSELL AND SONS (PHOTOGRAPHERS) LIMITED

NOTES FORMING PART OF THE GROUP ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 1988

- continued -

	<u>GROUP</u>		<u>HOLDING COMPANY</u>	
	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
10. OPERATING PROFIT				
This is stated after charging:				
Directors' Emoluments (Note 11)	75,982	71,686	33,553	51,599
Auditors' Remuneration	6,900	4,285	2,250	2,300
Depreciation	25,280	26,335	6,461	21,208
	<u>108,162</u>	<u>102,306</u>	<u>42,264</u>	<u>75,107</u>
11. DIRECTORS' EMOLUMENTS				
a) Remuneration	68,999	64,644	27,857	45,534
Pension Contributions	6,100	6,100	5,500	5,500
Health Insurance	883	942	196	565
	<u>75,982</u>	<u>71,686</u>	<u>33,553</u>	<u>51,599</u>
b) Analysis (excluding pension contributions)				
Chairman	4,428	2,856	4,428	2,856
Highest Paid Director	18,000	16,757	16,000	14,732
Other Directors, being within the ranges:				
	<u>GROUP</u>			
	<u>1988</u>	<u>1987</u>		
	<u>No.</u>	<u>No.</u>		
£ 0 - £ 5,000	1	1		
£10,001 - £15,000	1	2		
£15,001 - £20,000	2	1		
	<u>46,571</u>	<u>45,031</u>	<u>7,429</u>	<u>27,946</u>
	<u>68,999</u>	<u>64,644</u>	<u>27,857</u>	<u>45,534</u>
12. STAFF COSTS AND EMPLOYEES (including Directors)				
Wages and Salaries	262,304	227,057	44,867	178,154
Social Security Costs	21,783	19,407	6,135	15,488
Other Pension Costs	6,188	6,100	5,500	5,500
Health Insurance	1,476	1,278	196	901
	<u>291,751</u>	<u>253,842</u>	<u>56,698</u>	<u>200,043</u>
The average weekly number of employees during the year was	<u>33</u>	<u>35</u>	<u>6</u>	<u>30</u>