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DOMARK GROUP LIMITED
(formerly Domark Limited)

Year ended
30th September 1990

DOMARK GROUP LIMITED AND SUBSIDIARIES

Report and financial statements for the year ended 30th September 1990

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Directors

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Directors

D.A.M.T. Wheatley
D.M.D.A. Wheatley
M.D.A. Strachan
S.M. Byrne
J.R.T. Church
J.L. Bard

Secretary and registered office

M.D.A. Strachan, 8 Baker Street, London, W1M 1DA.

Auditors

Stoy Hayward, 8 Baker Street, London, W1M 1DA.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Report of the directors for the year ended 30th September 1990

The directors present their report together with the audited financial statements for the year ended 30th September 1990.

Results and dividends

The consolidated profit and loss account is set out on page 3 and shows the profit for the year.

The directors recommend the payment of a final dividend of 50p per ordinary share (1989 - Nil). An interim dividend was not declared (1989 - 25p per ordinary share).

Principal activities, trading review and future developments

The principal activity of the group is the publishing of computer games software.

The directors consider the results for the year to be satisfactory and believe that new products coming forward will provide a continued increase in turnover.

On 25th September 1990 the company acquired 100% of the equity capital of Domark Software Limited, a company which had not traded prior to 30th September 1990.

On 26th October 1990, Domark Limited changed its name to Domark Group Limited.

Other significant post balance sheet events are disclosed in note 23 to these accounts.

Research and development

The group continues to develop and promote new projects.

Significant changes in fixed assets

Movements in fixed assets are shown in notes 12, 14 and 15 to the accounts.

Charitable donations

The group made charitable donations during the year totalling £2,974 (1989 - £2,670).

Increase in share capital

The company issued 618 ordinary shares of £1 each at £4.50 each on 25th September 1990 to Mr J.L. Bar' who is a director.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Report of the directors for the year ended 30th September 1990 (Continued)

Close company status

The directors are of the opinion that the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Directors

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

	Ordinary shares of £1 each	
	<u>1990</u>	<u>1989</u>
Beneficial		
D.A.M.T. Wheatley	2,700	2,700
D.M.D.A. Wheatley	18,560	16,560
M.D.A. Strachan	18,560	16,560
S.M. Byrne	-	4,000
J.R.T. Church	-	-
J.L. Bard (appointed 1st January 1990)	618	-
Non Beneficial		
D.M.D.A. and D.A.M.T. Wheatley	1,500	1,500
M.D.A. Strachan	432	432

The director who retires by rotation is Mr. D.A.M.T. Wheatley who, being eligible, offers himself for re-election.

Auditors

Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board

M.D.A. Strachan



Secretary

1st February 1991

DOMARK GROUP LIMITED AND SUBSIDIARIES

Consolidated profit and loss account for the year ended 30th September 1990

	Note	1990 £	1989 £
Turnover	2	3,576,735	2,471,791
Cost of sales		2,312,899	1,631,781
Gross profit		1,263,836	840,010
Distribution costs		68,084	35,994
Administrative expenses		1,095,782	690,286
		(1,163,866)	(726,280)
		99,970	113,730
Other operating income	4	115,453	43,254
Interest receivable	5	1,816	2,318
		217,239	159,302
Interest payable	6	12,551	8,589
Profit on ordinary activities before taxation	7	204,688	150,713
Taxation on profits from ordinary activities	10	107,646	27,863
Profit on ordinary activities after taxation		97,042	122,850
Minority interests		192	-
Profit attributable to members of Domark Group Limited		96,850	122,850
Dividends	11	30,400	15,046
Retained profit for the year	22	66,450	107,804

The notes on pages 6 to 15 form part of these accounts

DOMARK GROUP LIMITED AND SUBSIDIARIES

Consolidated balance sheet at 30th September 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
Fixed assets			
Tangible assets	12	245,482	173,608
Intangible assets	14	180,023	207,484
Investments	15	-	833
		<u>425,505</u>	<u>381,925</u>
Current assets			
Stocks	17	203,482	203,458
Debtors	18	1,245,305	1,027,155
Cash at bank and in hand		<u>47,903</u>	<u>1,057</u>
		1,496,690	1,231,670
Creditors			
Amounts falling due within one year	19	<u>1,437,175</u>	<u>1,199,366</u>
Net current assets		59,515	32,304
Total assets less current liabilities		<u>485,020</u>	<u>414,229</u>
Creditors			
Amounts falling due after more than one year	20	39,684	38,316
		<u>445,336</u>	<u>375,913</u>
Capital and reserves			
Called up share capital	21	60,800	60,182
Share premium account	22	102,618	100,455
Minority interest		198	6
Profit and loss account	22	281,720	215,270
		<u>445,336</u>	<u>375,913</u>

D.A.M.T. Wheatley)

Directors

1st February 1991

J.R.T. Church)

The notes on pages 6 to 15 form part of these accounts

DOMARK GROUP LIMITED AND SUBSIDIARIES

Company balance sheet at 30th September 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
Fixed assets			
Tangible assets	12	245,482	172,865
Intangible assets	14	174,420	207,484
Investments	15	9,709	10,542
		<u>429,611</u>	<u>390,891</u>
Current assets			
Stocks	17	203,482	203,458
Debtors	18	1,244,694	1,024,910
Cash at bank and in hand		<u>47,903</u>	<u>469</u>
		1,496,079	1,228,837
Creditors			
Amounts falling due within one year	19	<u>1,434,267</u>	<u>1,196,246</u>
Net current assets		61,812	32,591
Total assets less current liabilities		<u>491,423</u>	<u>423,482</u>
Creditors			
Amounts falling due after more than one year	20	39,684	38,316
		<u>451,739</u>	<u>385,166</u>
Capital and reserves			
Called up share capital	21	60,800	60,182
Share premium account	22	102,618	100,455
Profit and loss account	22	288,321	224,529
		<u>451,739</u>	<u>385,166</u>

D.A.M.T. Wheatley)
) Directors
) 1st February 1991
 J.R.T. Church)

The notes on pages 6 to 15 form part of these accounts

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

1. Accounting policies

The financial statements have been prepared under the historical cost convention using the following accounting policies:

Basis of consolidation

The consolidated accounts incorporate the accounts of Domark Group Limited and its subsidiary Brook Richleau Limited made up to 30th September 1990. The acquisition method of accounting is used to consolidate these accounts. Consolidated accounts were not prepared at 30th September 1989 as the amounts involved were not material and the costs involved would have been out of proportion to the value to the members. The comparative figures have been restated to reflect the consolidated figures.

Acquisition accounting and goodwill on consolidation

Under acquisition accounting, the results of the subsidiary are included from the date of acquisition.

Goodwill on consolidation arises under acquisition accounting and represents the excess of purchase consideration over the value of the underlying net assets at the time of acquisition. Goodwill arising on consolidation is written off to reserves.

Turnover

Turnover represents sales to outside customers, including royalties receivable, at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on a straight line basis on the original cost of the assets at the following rates:

Motor vehicles	- 25% per annum
Plant and equipment	- 20% per annum
Furniture and fittings	- 10% per annum
Leasehold improvements	- 6.6% per annum

Amortisation

Amortisation is provided to write off the cost of copyrights over 10 years.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

1. Accounting policies (continued)

Stocks

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

Cost is calculated as follows:

Raw materials

and finished goods - cost of purchase on first in, first out basis.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it can be reasonably foreseen that such deferred taxation will be payable in the future.

Development expenditure

Development expenditure relating to specific commercial projects is carried forward in order to match revenue with the associated costs. Such expenditure is amortised over the periods expected to benefit from it, commencing with the period in which the related sales are first made.

Hire purchase contracts and operating leases

Where assets are financed by hire purchase agreements the assets have been treated as if they had been purchased outright. The amount capitalised is the cost of the asset given in the hire purchase agreement. The corresponding commitments are shown as obligations under hire purchase contracts. Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are split between capital and interest on a straight line basis. The interest is charged to the profit and loss account. The capital part reduces the obligation under the hire purchase contract.

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are translated at the rate ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

2. Turnover and profits

Turnover and profits are generated from the principal activity of the group.

	Turnover	
	1990 £	1989 £
Analysis by market:		
United Kingdom sales	2,414,774	1,737,665
Export sales	<u>1,161,605</u>	<u>734,126</u>
	<u>3,576,379</u>	<u>2,471,791</u>

It is the directors opinion that any further analysis of profit by market would be prejudicial to the interests of the group.

3. Employees

	1990 £	1989 £
Staff costs excluding directors consist of:		
Wages and salaries	315,330	189,173
Social security costs	<u>32,867</u>	<u>19,001</u>
	<u>348,197</u>	<u>208,174</u>
	Number	Number
The average weekly number of em, during the period was	22	16

4. Other operating income

	£	£
Handling fees	113,325	42,587
Discount received	<u>2,128</u>	<u>667</u>
	<u>115,453</u>	<u>43,254</u>

5. Interest receivable

Bank interest received	469	2,318
Interest received on repayment of corporation tax	<u>1,347</u>	<u>-</u>
	<u>1,816</u>	<u>2,318</u>

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

6. Interest payable

	<u>1990</u>	<u>1989</u>
	£	£
Bank loans and overdrafts	12,551	8,589

7. Profit on ordinary activities before taxation

This is arrived at after charging:

Depreciation	66,344	38,736
Auditors' remuneration	12,100	8,000
Directors' emoluments (note 8)	244,810	134,519
Hire of plant and machinery	5,915	3,968
Hire purchase interest	10,940	8,171
Licence fee written off	58,367	-

Depreciation includes £36,223 (1989 - £23,355) charged in respect of assets held under hire purchase contracts.

8. Directors' emoluments

	<u>1990</u>	<u>1989</u>
	£	£
Remuneration for management services	232,866	123,675
Fees as directors	9,750	7,500
Pension costs	<u>2,194</u>	<u>3,344</u>
	244,810	134,519

Emoluments (excluding pension contributions) of:

Chairman	29,983	24,225
Highest paid director	<u>87,258</u>	<u>50,975</u>

Other directors emoluments (excluding pension contributions) fell within the ranges

	Number	Number
£ 0 - £ 5,000	1	1
£ 5,001 - £10,000	1	1
£30,001 - £35,000	1	-
£45,001 - £50,000	-	1
£85,001 - £90,000	1	-

During the year, a fixed asset was purchased from Mr D.M.D.A. Wheatley at a cost of £7,000.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

9. Leasing commitments

At 30th September 1990 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1990</u>		<u>1989</u>	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	-	-	6,091
After five years	<u>53,304</u>	<u>-</u>	<u>28,500</u>	<u>-</u>
	<u>53,304</u>	<u>-</u>	<u>28,500</u>	<u>6,091</u>

The leases of land and buildings are subject to rent reviews.

10. Taxation on profits from ordinary activities

	<u>1990</u> £	<u>1989</u> £
UK corporation tax at 32.9% (1989 - 32.7%) based on profit for the year	79,340	53,908
Under/(over) provided in previous years	<u>28,306</u>	<u>(26,045)</u>
	<u>107,646</u>	<u>27,863</u>

11. Dividends

Ordinary

Dividend payable of 50p (1989 - 25p) per share	<u>30,400</u>	<u>15,046</u>
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DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

12. Tangible assets

Group	Leasehold improve- ments £	Motor vehicles £	Furniture, fixtures and fittings £	Plant and equipment £	Total £
Cost					
At beginning of year	21,138	109,788	36,180	86,410	253,516
Additions	10,533	84,449	7,456	44,599	147,037
Disposals	-	(11,931)	-	(782)	(12,713)
At end of year	31,671	182,306	43,636	130,227	387,840
Depreciation					
At beginning of year	2,231	29,696	2,566	45,425	79,908
Provided for the year	4,768	40,419	3,941	17,216	66,344
Disposals	-	(3,855)	-	(39)	(3,894)
At end of year	6,999	66,250	6,507	62,602	142,358
Net book value					
At 30th September 1990	24,672	116,056	37,129	67,625	245,482
At 30th September 1989	18,907	80,102	33,614	40,985	173,608
Company					
Cost					
At beginning of year	21,138	109,788	36,180	85,428	252,734
Additions	10,533	84,449	7,456	44,599	147,037
Disposals	-	(11,931)	-	-	(11,931)
At end of year	31,671	182,306	43,636	130,227	387,840
Depreciation					
At beginning of year	2,231	29,686	2,566	45,386	79,869
Provided for the year	4,768	40,419	3,941	17,216	66,344
Disposals	-	(3,855)	-	-	(3,855)
At end of year	6,999	66,250	6,507	62,602	142,358
Net book value					
At 30th September 1990	24,572	116,056	37,129	67,625	245,482
At 30th September 1989	18,907	80,102	33,614	40,242	172,865

The net book value of fixed assets of the group and company of £245,482 includes an amount of £95,780 (1989 - £87,252) in respect of assets held under hire purchase contracts.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

13. Committed trading expenditure

	<u>1990</u> £	<u>1989</u> £
Contracted for but not provided in the accounts	192,600	178,000

14. Intangible assets

Group	Development expenditure £	Copyrights £	Total £
Cost			
At beginning of year	207,484	-	207,484
Additions	<u>174,420</u>	<u>6,225</u>	<u>180,645</u>
At end of year	381,904	6,225	388,129
Amortisation			
At beginning of year	-	-	-
Provided for the year	<u>207,484</u>	<u>622</u>	<u>208,106</u>
At end of year	207,484	622	208,106
Net book value			
At 30th September 1990	<u>174,420</u>	<u>5,603</u>	<u>180,023</u>
At 30th September 1989	<u>207,484</u>	-	<u>207,484</u>
Company	Development expenditure £		
Cost			
At beginning of year	207,484		
Additions	<u>174,420</u>		
At end of year	381,904		
Amortisation			
At beginning of year	-		
Provided for the year	<u>207,484</u>		
At end of year	207,484		
Net book value			
At 30th September 1990	<u>174,420</u>		
At 30th September 1989	<u>207,484</u>		

DONARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

15. Fixed asset investments

	<u>1990</u> £	<u>1989</u> £
Group		
Unlisted investments	-	833
Company		
Subsidiary company	9,709	9,709
Unlisted investments	-	833
	<u>9,709</u>	<u>10,542</u>

16. The following were subsidiaries at the end of the year:

Name	Country of incorporation	Proportion of ordinary share capital held	Nature of Business
Brook Richleau Limited	England	94%	Exploitation of literary works
Domark Software Limited	England	100%	Dormant

Domark Software Limited has not been consolidated in the group accounts as this company has not traded since incorporation.

17. Stocks

	<u>Group and company</u> <u>1990</u> £	<u>1989</u> £
Raw materials and consumables	68,553	116,741
Finished goods and goods for resale	<u>134,929</u>	<u>86,717</u>
	<u>203,482</u>	<u>203,458</u>

18. Debtors

	<u>Group</u> <u>1990</u> £	<u>1989</u> £	<u>Company</u> <u>1990</u> £	<u>1989</u> £
Trade debtors	1,111,491	927,357	1,111,491	927,045
Other debtors	16,994	11,293	16,383	9,360
Prepayments and accrued income	<u>116,820</u>	<u>88,505</u>	<u>116,820</u>	<u>88,505</u>
	<u>1,245,305</u>	<u>1,027,155</u>	<u>1,244,694</u>	<u>1,024,910</u>

All amounts shown under debtors fall due for payment within one year, other than Advance Corporation Tax included in other debtors of the group and the company amounting to £10,133 (1989 - £5,015) falling due after more than one year.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

19. Creditors: amounts falling due within one year

	Group		Company	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£	£	£	£
Amount owing to subsidiary company	-	-	314	4,880
Trade creditors	816,823	594,293	816,710	588,255
Other creditors	57,653	31,387	57,649	31,361
Obligations under hire purchase contracts	51,353	39,700	51,353	39,700
Creditors for taxation and social security	58,629	17,610	57,049	16,744
Corporation tax	164,605	54,390	164,605	54,390
Bank overdraft	89,982	271,362	89,357	271,362
Accruals	167,730	175,578	166,630	174,508
Dividend payable	<u>30,400</u>	<u>15,046</u>	<u>30,400</u>	<u>15,046</u>
	1,437,175	1,199,366	1,434,267	1,196,246

20. Creditors: amounts falling due after more than one year

	Group and company	
	<u>1990</u>	<u>1989</u>
	£	£
Obligations under hire purchase contracts falling due:		
Within 1 to 2 years	33,194	33,656
2 to 5 years	<u>6,490</u>	<u>4,660</u>
	39,684	38,316

21. Share capital

	<u>1990</u>	<u>1989</u>
	£	£
Ordinary shares of £1 each		
Authorised	120,000	120,000
Allotted, called up and fully paid	<u>60,800</u>	<u>60,182</u>

On 25th September 1990, the company issued 618 ordinary shares of £1 each at £4.50 each to Mr J.L. Bard who is a director of the company.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Notes forming part of the accounts for the year ended 30th September 1990

(Continued)

22. Reserves

The company has taken advantage of the exemption granted in S.228(7) of Companies Act 1985 from presenting its own profit and loss account. The amount of profit dealt with in the accounts of the holding company is £63,792.

	Share premium £	Profit and loss account £
Group		
At 1st October 1989	100,455	224,529
Prior year adjustment	-	(9,259)
As restated	100,455	215,270
Premium on issue of shares	3,163	-
Retained profit for the year	-	66,450
	102,618	281,720
Company		
At 1st October 1989	100,455	224,529
Premium on issue of shares	2,163	-
Retained profit for the year	-	63,792
At 30th September 1990	102,618	288,321

The prior year adjustment arises due to the consolidation of Brook Richleau Limited with effect from 1st October 1989.

23. Post balance sheet events

On 1st October 1990, Domark Software Limited took over as the operating company of the group and on that date acquired certain of the assets and liabilities of Domark Limited.

On 26th October 1990, Domark Limited changed its name to Domark Group Limited.

DOMARK GROUP LIMITED AND SUBSIDIARIES

Statement of source and application of funds for the year ended 30th September 1990

	<u>1990</u>	<u>1989</u>
	£	£
Source of funds		
Profit before taxation	204,688	150,713
Adjustment for items not involving the movement of funds:		
Amortisation of development expenditure	207,484	143,534
Depreciation	66,344	38,775
Amortisation of copyrights	622	-
Loss on sale of fixed assets	<u>7</u>	<u>3,082</u>
	274,457	185,391
Total generated by operations	479,145	336,104
Funds from other sources		
Sale of fixed assets	8,811	9,238
Sale of investments	833	-
Issue of shares	2,781	-
Tax recieved	<u>26,045</u>	<u>-</u>
	38,470	9,238
	517,615	345,342
Application of funds		
Purchase of fixed assets	147,037	131,937
Development expenditure	174,420	207,484
Purchase of copyrights	6,225	-
Dividends paid	15,046	15,046
Tax paid	<u>32,286</u>	<u>5,015</u>
	375,014	359,482
	142,601	(14,140)
(Decrease)/increase in working capital		
Stock	24	52,985
Debtors and prepayments	205,034	575,144
Creditors and accruals	<u>(290,683)</u>	<u>(441,589)</u>
	(85,625)	186,540
Movement in net liquid funds		
Increase/(decrease) in cash and bank balance	46,846	(7,366)
Decrease/(increase) in overdraft	<u>181,380</u>	<u>(193,314)</u>
	228,226	(200,680)
	142,601	(14,140)

The notes on pages 6 to 15 form part of these accounts

DOMARK GROUP LIMITED AND SUBSIDIARIES

Report of the auditors

To the members of Domark Group Limited

We have audited the financial statements on pages 3 to 16 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September 1990 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Stoy Hayward

Stoy Hayward,
8 Baker Street,
London, W1M 1DA.

1st February 1991