

PAUL MURRAY PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994
COMPANY NO. 1172728

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Rothman Pantall & Co.,
Avebury House,
St. Peter Street,
Winchester,
Hampshire.
SO23 8BN.



PAUL MURRAY PLC**DIRECTORS' REPORT**

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31st December 1994.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of manufacturing, wholesaling and packing non-pharmaceutical products and surgical goods.

There has been no significant change in these activities during the year.

BUSINESS REVIEW

The company has increased its turnover by 3.9% during the year. Together with improved gross profit margins, this has led to an increase in profit before taxation of 55%.

The directors are pleased with this performance which has come about due to an increase in the proportion of imported goods bought at advantageous prices and an increase in more profitable sectors of business.

It is anticipated that the coming year will again be difficult, but the directors have been encouraged by recent contract negotiations with new customers. The aim will be to maintain turnover and profit at the levels achieved during 1994.

RESULTS AND DIVIDENDS

The profit for the year of the Company after taxation amounts to £278,029.

A dividend of £42,000 has been paid on the Share Capital of the Company, and the directors recommend that the profit for the year after this payment be transferred to reserves.

DIRECTORS

The Directors who served during the year were:-

P.T. Murray (Chairman)
E.J. Murray (Deceased 23rd January 1994)
Mrs. D.A. Murray
Mrs. K.J. Murray
P. Vanstone
L. Davies
A. Allen

The Directors who held office at 31st December 1994 had the following interests in the share capital of the Company:-

Name	Class of Share	1994 £	1993 £
P.T. Murray	£1 Ordinary	69,000	69,000
Mrs. K.J. Murray	£1 Ordinary	1,000	1,000
		-----	-----
		70,000	70,000
		=====	=====

DIRECTORS' REPORT (CONTINUED)

DIRECTORS - CONTINUED

The remaining 30,000 shares are held by a Trust, The Paul Travis Murray Settlement, the trustees of which are P.T. Murray and J.A. Poulter. Mr. Poulter is a partner in the firm of Rothman Pantall & Co.

SHARE CAPITAL

The authorised share capital of the Company is £100,000 all of which has been issued and fully paid.

FIXED ASSETS

During the year a new computer system was acquired to update the accounting and stock control functions. Other changes in fixed assets are summarised in the notes to the financial statements.

DONATIONS

The Company made donations of a charitable nature during the year of £2,472 (1993 £966).

TAX STATUS

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

RESPONSIBILITIES OF THE DIRECTORS

It is the responsibility of the Directors to prepare financial statements for each 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 and loss for that period. The Directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

AUDITORS

The Auditors, Rothman Pantall & Co. have expressed their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

PAUL MURRAY PLC

DIRECTORS' REPORT (CONTINUED)

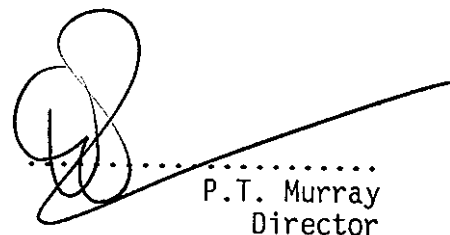
RESPONSIBILITIES OF THE AUDITORS

The Auditors are responsible for forming an independent opinion on the financial statements presented by the Directors, based on their audit, and to report their opinion to shareholders. They also have responsibility under the Companies Act 1985 to report to shareholders if particular requirements are not met. These requirements are:

- that the Company has maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that Directors' emoluments and other transactions with Directors are properly disclosed in the financial statements;
- that they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit.

The Auditors' opinion does not encompass the Directors' Report. However, the Companies Act 1985 requires the Auditors to report to shareholders if the matters contained in the Directors' Report are inconsistent with the financial statements.

ON BEHALF OF THE BOARD


P.T. Murray
Director

Date: 14th March 1995

Registered Office: Avebury House,
St. Peter Street,
Winchester,
Hampshire.
SO23 8BN.

Registered No: 1172728

AUDITORS' REPORT

TO THE MEMBERS OF

PAUL MURRAY PLC

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 to 3 the Company's Directors are responsible for the preparation of 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 test basis, of evidence relevant to the amounts and disclosure 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 affairs of the Company at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Avebury House,
St. Peter Street,
Winchester,
Hampshire.
SO23 8BN.

14th March 1995



ROTHMAN PANTALL & CO.
Chartered Accountants
and Registered Auditors

PAUL MURRAY PLC

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
TURNOVER	2	6,707,167	6,456,958
COST OF SALES		4,768,836	4,735,120
GROSS PROFIT		1,938,331	1,721,838
Distribution Costs		(780,132)	(639,584)
Administrative Expenses		(639,117)	(710,022)
OPERATING PROFIT	3	519,082	372,232
Interest payable and similar charges	5	(138,373)	(127,541)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		380,709	244,691
Tax on profit on ordinary activities	6	(102,680)	(69,519)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		278,029	175,172
Dividends Paid		(42,000)	(35,000)
RETAINED PROFIT BROUGHT FORWARD		1,311,412	1,171,240
RETAINED PROFIT CARRIED FORWARD		1,547,441	1,311,412

Turnover and operating profit all derive from continuing operations. There were no recognised gains or losses other than the profit for the year.

PAUL MURRAY PLCBALANCE SHEETAS AT 31ST DECEMBER 1994

	<u>Note</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
FIXED ASSETS			
Tangible Assets	7	1,185,798	1,147,107
CURRENT ASSETS			
Stocks	8	1,848,744	1,906,274
Debtors	9	924,230	919,259
Cash at Bank and in Hand		1,401	1,136
		<u>2,774,375</u>	<u>2,826,669</u>
CREDITORS			
AMOUNTS FALLING DUE			
WITHIN ONE YEAR	10	(1,352,545)	(1,585,061)
NET CURRENT ASSETS		<u>1,421,830</u>	<u>1,241,608</u>
TOTAL ASSETS LESS		<u>2,607,628</u>	<u>2,388,715</u>
CURRENT LIABILITIES			
CREDITORS			
AMOUNTS FALLING DUE AFTER			
MORE THAN ONE YEAR	11	(760,658)	(777,774)
		<u>1,846,970</u>	<u>1,610,941</u>
CAPITAL AND RESERVES			
Called up Share Capital	12	100,000	100,000
Revaluation Reserve		199,529	199,529
Profit and Loss Account		1,547,441	1,311,412
SHAREHOLDERS' FUNDS	13	<u>1,846,970</u>	<u>1,610,941</u>

The financial statements were approved by the Board of Directors on 14th March 1995 and signed on their behalf by:

.....Director
P.T. Murray

The notes on pages 8 to 16 form part of these financial statements.

PAUL MURRAY PLCCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Note</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	522,011	112,971
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Paid	(132,621)	(127,541)	
Interest element of hire purchase payments	(13,117)	(16,925)	
Dividends paid	<u>(42,000)</u>	<u>(35,000)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(187,738)	(179,466)
TAXATION			
Corporation Tax paid		(73,105)	(106,238)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets	(208,993)	(420,677)	
Receipts from sales of tangible fixed assets	<u>51,304</u>	<u>47,657</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(157,689)	(373,020)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		103,479	(545,753)
FINANCING			
New bank loans	-	192,000	
Other new loans	20,000	-	
New hire purchase contracts	163,299	142,991	
Repayments of borrowings	(47,800)	(40,828)	
Capital element of hire purchase payments	<u>(88,206)</u>	<u>(88,009)</u>	
NET CASH INFLOW FROM FINANCING		47,293	206,154
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	16	<u>150,772</u> <u>=====</u>	<u>(339,599)</u> <u>=====</u>

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 1994**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements:-

(i) BASIS OF ACCOUNTING

The financial statements have been prepared using the historical cost convention (as modified by the revaluation of freehold land and buildings), and applicable Accounting Standards.

(ii) DEPRECIATION

Depreciation is charged at the following rates:

Freehold Buildings	2% Straight Line
Sales Force Motor Vehicles	25% Straight Line
Other Motor Vehicles	25% Reducing Balance
Fixtures and Fittings	25% Reducing Balance
Computer	25% Straight Line

A full year's charge is provided in the year of purchase.

(iii) STOCK

Stock is valued at the lower of cost and net realisable value.

Direct labour and overheads are included in the valuation of self-packaged stock, in accordance with Statement of Standard Accounting Practice No. 9.

(iv) DEFERRED TAXATION

No deferred taxation has been provided because the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is improbable that any such liability will crystallise.

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994**(v) TURNOVER**

This amount represents amounts receivable by the Company in respect of goods and services provided during the year excluding value added tax.

(vi) PENSIONS

The Company operates two defined Contribution Pension Schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The annual instalments charged to the Profit and Loss Account are fixed under the terms of the schemes and the Company has no potential liability other than for the payment of those instalments.

(vii) LEASE AGREEMENTS AND HIRE PURCHASE CONTRACTS

Assets obtained under finance leases (or hire purchase contracts) are included as tangible fixed assets and depreciated over their useful lives. The capital element of future rentals is treated as a liability, and the interest element is charged to the profit and loss account over the period of the agreement.

Rentals in respect of operating leases are charged to the profit and loss account as they fall due.

2. TURNOVER

The analysis of turnover by geographical area is as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom	6,646,833	6,382,707
Channel Islands	60,334	74,251
	-----	-----
	6,707,167	6,456,958
	=====	=====

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994**3. OPERATING PROFIT**

(a) The whole of the company's profit was earned from its principal activities.

(b) The operating profit is stated after charging:

	<u>1994</u>	<u>1993</u>
	£	£
Depreciation of tangible fixed assets	137,722	117,113
Auditors' Remuneration	8,610	8,200
Directors' Remuneration (including pension contributions)	334,695	382,851
Operating Lease Rentals		
- Land and Buildings	30,421	46,272
Hire Purchase Interest	13,117	16,925
	=====	=====

(c) Directors' Remuneration	<u>1994</u>	<u>1993</u>
	£	£
The emoluments of the chairman and highest paid director, excluding pension contributions, were:	102,538	138,756
	=====	=====

The emoluments of other directors, excluding pension contributions, were:	<u>1994</u>	<u>1993</u>
	Number	Number
£ 1 - £ 5,000	1	-
£ 5,001 - £10,000	-	2
£15,001 - £20,000	1	-
£30,001 - £35,000	2	2
£35,001 - £40,000	1	1
£90,001 - £95,000	1	-
£95,001 - £100,000	-	1

4. STAFF COSTS (INCLUDING DIRECTORS)

The average number of employees during the year, including directors, was as follows:

	<u>1994</u>	<u>1993</u>
	Number	Number
Management and Administration	15	16
Sales	20	16
Production	52	51
	--	--
Total Employees	87	83
	==	==

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 19944. **STAFF COSTS (INCLUDING DIRECTORS) - CONTINUED**

The aggregate payroll costs, including directors, were as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and Salaries	1,044,728	1,035,069
Social Security Costs	98,641	100,695
Other Pension Costs	17,800	28,707
	-----	-----
	1,161,169	1,164,471
	=====	=====

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>1994</u>	<u>1993</u>
	£	£
On bank loans and overdrafts and other loans due to be repaid wholly within five years (not repayable by instalments)	82,808	77,327
On other loans	55,565	50,214
	-----	-----
	138,373	127,541
	=====	=====

6. **TAXATION**

	<u>1994</u>	<u>1993</u>
	£	£
Taxation based on the profit for the year:		
UK Corporation Tax at 27.3% (1993 28.5%)	102,053	54,702
Underprovision in previous year	627	14,817
	-----	-----
	102,680	69,519
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994

7. TANGIBLE FIXED ASSETS	Freehold Land and Buildings £	Computer £	Fixtures and Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1st January 1994	907,343	60,071	317,055	346,787	1,631,256
Additions	-	66,477	21,608	120,908	208,993
Disposals	-	-	(9,886)	(116,430)	(126,316)
At 31st December 1994	907,343	126,548	328,777	351,265	1,713,933
DEPRECIATION					
At 1st January 1994	17,147	52,556	234,009	180,437	484,149
Charged in year	17,147	19,154	25,677	75,744	137,722
Disposals	-	-	(7,848)	(85,888)	(93,736)
At 31st December 1994	34,294	71,710	251,838	170,293	528,135
NET BOOK VALUE					
At 31st December 1994	873,049	54,838	76,939	180,972	1,185,798
At 31st December 1993	890,196	7,515	83,046	166,350	1,147,107

Included in Freehold Land and Buildings is property which was revalued by the directors at 31st December 1992 at current market value of £675,000, based on a professional valuation. Of this amount, £50,000 relates to the cost of land, a non-depreciable asset. If Freehold Land and Buildings had not been revalued, they would have been included at the following amounts:

	<u>1994</u> £	<u>1993</u> £
Cost	830,370	830,370
Depreciation	139,687	124,080
Net Book Value	690,683	706,290

The net book value of tangible fixed assets includes £216,906 (1993 £149,621) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £87,722 (1993 £58,749).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994

8.	STOCKS	<u>1994</u>	<u>1993</u>
		£	£
	Finished Goods and Goods for Resale	1,848,744	1,906,274
		=====	=====
9.	DEBTORS	<u>1994</u>	<u>1993</u>
		£	£
	Trade Debtors	897,497	894,494
	Other Debtors	-	2,266
	Prepayments	26,733	22,499
		-----	-----
		924,230	919,259
		=====	=====
10.	CREDITORS:		
	AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u>	<u>1993</u>
		£	£
	Bank Overdrafts	646,891	797,398
	Bank Loans	47,800	47,800
	Trade Creditors	191,344	402,905
	Hire Purchase Contracts	104,077	59,668
	Directors' Current Accounts	25,892	23,842
	Corporation Tax Payable	96,803	67,228
	Other Taxes and Social Security Costs	137,669	126,675
	Other Creditors	38,146	13,676
	Accruals and Deferred Income	63,923	45,869
		-----	-----
		1,352,545	1,585,061
		=====	=====

The Company's bank have an Unlimited Debenture dated 26th March 1990, which includes a legal charge over the company's freehold buildings.

Hire Purchase Contracts are secured on the individual assets to which they relate.

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994

11. CREDITORS:		
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	<u>1994</u>	<u>1993</u>
	£	£
Bank Loans	662,260	710,060
Hire Purchase Contracts	98,398	67,714
	-----	-----
	760,658	777,774
	=====	=====
Bank loans and hire purchase contracts are secured as detailed in note 10.		
12. SHARE CAPITAL		
	<u>1994</u>	<u>1993</u>
	£	£
Authorised:		
100,000 Ordinary Shares of £1 each	100,000	100,000
	=====	=====
Allotted, Called up and Fully Paid:		
100,000 Ordinary Shares of £1 each	100,000	100,000
	=====	=====
13. SHAREHOLDERS' FUNDS		
	<u>1994</u>	<u>1993</u>
	£	£
At 1st January 1994	1,610,941	1,470,769
Profit for the year	278,029	175,172
Dividends Paid	(42,000)	(35,000)
	-----	-----
At 31st December 1994	1,846,970	1,610,941
	=====	=====
14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	<u>1994</u>	<u>1993</u>
	£	£
Operating Profit	519,082	372,232
Depreciation Charges	137,722	117,113
Profit on Sale of Motor Vehicles	(18,724)	(2,037)
Hire Purchase Interest	13,117	16,925
Unpaid Loan Interest	(5,752)	-
(Increase)/Decrease in Stocks	57,530	(176,650)
(Increase)/Decrease in Debtors	(4,971)	(153,188)
Increase/(Decrease) in Creditors	(175,993)	(61,424)
	-----	-----
Net cash inflow from operating activities	522,011	112,971
	=====	=====

PAUL MURRAY PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1994

15. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Balance at 1st January 1994	(796,262)	(456,663)
Net cash inflow/(outflow)	150,772	(339,599)
	-----	-----
Balance at 31st December 1994	(645,490)	(796,262)
	=====	=====

16. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1994</u>	<u>Change</u>	<u>1993</u>	<u>Change</u>	<u>1992</u>
	<u>£</u>	<u>in year</u>	<u>£</u>	<u>in year</u>	<u>£</u>
		<u>£</u>		<u>£</u>	
Cash at bank and in hand	1,401	265	1,136	(3,265)	4,401
Bank Overdrafts	(646,891)	150,507	(797,398)	(336,334)	(461,064)
	-----	-----	-----	-----	-----
	(645,490)	150,772	(796,262)	(339,599)	(456,663)
	=====	=====	=====	=====	=====

17. CONTINGENT LIABILITIES

The company had outstanding liabilities under documentary credits of £200,366 at 31st December 1994 (1993 £205,194).

18. OTHER FINANCIAL COMMITMENTS

As at 31st December 1994 the company had annual commitments under non-cancellable operating leases as set out below:-

	<u>1994</u>		<u>1993</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>		<u>Buildings</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating Leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	26,325	-	24,500	-
In over five years	-	-	-	-
	=====	=====	=====	=====

PAUL MURRAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1994

19. **DIRECTORS' INTEREST IN CONTRACTS**

Mr. P.T. Murray and Mrs. K.J. Murray are directors and shareholders in Mainline Stationery Limited, a company which did not trade during the year. Sales of £5,319 were made to Mainline Stationery Limited in the year ended 31st December 1993.