

**Impact Design
& Advertising Limited**

Directors' report and financial statements

30 September 1996

Registered number 02172195



Impact Design & Advertising Limited

Directors' report and financial statements

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Impact Design & Advertising Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 1996.

Principal activity

The principal activity of the company is that of marketing, design and advertising consultants. There has been no significant change in activity during the year.

Business review

The profit after tax for the company for the year ended 30 September 1996 is £16,605.

Proposed dividend and transfer to reserves

The directors recommend a dividend of £30,000 for the year.

Directors and directors' interests

The directors who held office during the year and their interests in the shares of the company were as follows:

	Ordinary £1 shares	
	30 September 1996	30 September 1995
GD Kerslake	53	53
RJ Oliver	47	47

G Bee and P Bryant have been appointed directors since 30 September 1996.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board

GD Kerslake
Secretary



Marco Polo House
Cook Way
Taunton
SOMERSET

Impact Design & Advertising 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 and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 have general responsibilities for taking such steps as are reasonably open to them to safeguard assets of the company and to prevent and detect fraud and other irregularities.



Plym House
3 Longbridge Road
Marsh Mills
Plymouth
Devon PL6 8LT

Report of the auditors to the members of Impact Design & Advertising Limited

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 2 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 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 judgments 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 as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

18 November 1997



Impact Design & Advertising Limited

Profit and loss account
for the year ended 30 September 1996

	Note	1996 £	1995 £
Turnover		1,120,410	1,354,741
Cost of sales		(805,179)	(965,540)
Gross profit		315,231	389,201
Administrative expenses		(261,353)	(318,640)
Trading profit		53,878	70,561
Interest payable and similar charges	5	(25,494)	(13,327)
Profit on ordinary activities before taxation	2	28,384	57,234
Tax on profit on ordinary activities	6	(11,779)	(14,387)
Profit for the financial year		16,605	42,847
Dividends		(30,000)	(40,000)
(Loss)/retained profit for the financial year		(13,395)	2,847
Retained profit brought forward		66,697	63,850
Retained profit carried forward		53,302	66,697

There were no acquisitions or discontinued operations within the company during 1996 and 1995.

The company has no recognised gains or losses in either 1996 or 1995 other than the profit for these years.

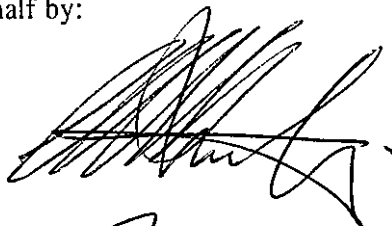
Impact Design & Advertising Limited

Balance sheet at 30 September 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	7	122,339	125,885
Current assets			
Stocks and work in progress	8	146,315	95,881
Debtors	9	203,026	294,524
Cash in hand		170	1,148
		<u>349,511</u>	<u>391,553</u>
Creditors: amounts falling due within one year	10	<u>(386,469)</u>	<u>(409,261)</u>
Net current (liabilities)/assets		<u>(36,958)</u>	<u>(17,708)</u>
Total assets less current liabilities		<u>85,381</u>	<u>108,177</u>
Creditors: amounts falling due after more than one year	11	<u>(25,400)</u>	<u>(35,558)</u>
Provisions for liabilities and charges	12	<u>(6,579)</u>	<u>(5,822)</u>
Net assets		<u>53,402</u>	<u>66,797</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>53,302</u>	<u>66,697</u>
Equity shareholders' fund	14	<u>53,402</u>	<u>66,797</u>

These financial statements were approved by the board of directors on 12 November 1997 and were signed on its behalf by:

GD Kerslake
Director



R Oliver
Director



Impact Design & Advertising Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under Sections 246 to 249 of the Companies Act 1985 when filing accounts.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance

Leases

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 over its estimated useful life or the term of the lease, whichever is shorter. 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.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company operates a defined contribution pension scheme on behalf of the directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of work in progress includes a proportion of the company's attributable overheads.

Impact Design & Advertising Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Staff costs (note 4)	322,000	238,190
Auditors' remuneration	4,000	4,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	12,887	12,152
Leased	14,396	21,340
Rentals payable under operating leases:		
Hire of plant and machinery	4,177	3,870
Other assets	<u>21,560</u>	<u>21,560</u>

3 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
As directors	<u>85,848</u>	<u>86,978</u>

The emoluments, excluding pension contributions, of the chairman were £39,675 (1995: £34,514) and those of the highest paid director were £40,173 (1995: £34,668).

The emoluments, excluding pension contributions, of the directors (including the chairman) were within the following ranges:

	Number of directors	
	1996	1995
£10,001 - £15,000	-	1
£15,001 - £20,000	1	2
£20,001 - £25,000	1	-

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Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Administration and management	4	3
Production and sales	9	9
	<u>13</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	1996 £	1995 £
Wages and salaries	287,441	212,882
Social security costs	28,559	19,308
Other pension costs	6,000	6,000
	<u>322,000</u>	<u>238,190</u>

5 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	20,393	7,595
Finance charges payable in respect of finance leases and hire purchase contracts	5,101	5,732
	<u>25,494</u>	<u>13,327</u>

6 Taxation

	1996 £	1995 £
UK corporation tax at 25% (1995: 25%) on the profit for the year on ordinary activities	11,022	16,310
Deferred taxation	757	(1,923)
	<u>11,779</u>	<u>14,387</u>

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Notes (continued)

7	Tangible fixed assets	Plant and machinery	Leased motor vehicles	Total
		£	£	£
	<i>Cost</i>			
	At beginning of year	129,897	79,720	209,617
	Additions	13,994	12,718	26,712
	Disposals	-	(7,325)	(7,325)
		<u>143,891</u>	<u>85,113</u>	<u>229,004</u>
	<i>Depreciation and diminution in value</i>			
	At beginning of year	57,977	25,755	83,732
	Charge for year	12,887	14,396	27,283
	On disposals	-	(4,350)	(4,350)
		<u>70,864</u>	<u>35,801</u>	<u>106,665</u>
	<i>Net book value</i>			
	At 30 September 1996	<u>73,027</u>	<u>49,312</u>	<u>122,339</u>
	At 30 September 1995	<u>71,920</u>	<u>53,965</u>	<u>125,885</u>
8	Stocks and work in progress		1996	1995
			£	£
	Raw materials and consumables		4,997	4,997
	Work in progress		141,318	90,884
			<u>146,315</u>	<u>95,881</u>
9	Debtors		1996	1995
			£	£
	Trade debtors		193,517	289,134
	Prepayments and accrued income		9,509	5,390
			<u>203,026</u>	<u>294,524</u>

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Notes (continued)

10 Creditors: amounts falling due within one year

	1996		1995	
	£	£	£	£
Bank loans, overdraft and similar borrowings (see below)		143,126		116,827
Obligations under finance leases and hire purchase contracts (secured)		21,096		16,748
Trade creditors		128,946		172,167
Other creditors including taxation and social security:				
Corporation tax	3,538		8,569	
ACT payable	-		9,936	
Other taxes and social security	58,363		23,985	
Taxation and social security	61,901		42,490	
Other creditors	182		182	
		62,083		42,672
Directors current accounts		20,000		40,000
Accruals and deferred income		11,218		20,847
		<u>386,469</u>		<u>409,261</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

11 Creditors: amounts falling due after more than one year

	1996	1995
	£	£
Obligations under finance leases and hire purchase contracts (secured see note 10)	<u>25,400</u>	<u>35,558</u>

All finance lease and hire purchase agreements mature in the second to fifth years after 30 September 1996.

Impact Design & Advertising Limited

Notes (continued)

12 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	5,822
Credit for the year in the profit and loss account	<u>757</u>
At end of year	<u>6,579</u>

The amounts provided for deferred taxation represents the full amount required and is in respect of the difference between accumulated depreciation and capital allowances.

13 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Reconciliation of movements in equity shareholders' funds

	1996 £	1995 £
Profit for the financial year	16,605	42,847
Dividends	<u>(30,000)</u>	<u>(40,000)</u>
Net change in shareholders' funds	(13,395)	2,847
Opening equity shareholders' funds	<u>66,797</u>	<u>63,950</u>
Closing equity shareholders' funds	<u>53,402</u>	<u>66,797</u>

Impact Design & Advertising Limited

Notes (continued)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1996		1995	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	85
In the second to fifth years inclusive	-	1,333	-	990
Over five years	21,560	-	21,560	-
	<u>21,560</u>	<u>1,333</u>	<u>21,560</u>	<u>1,075</u>

16 Pension scheme

The company operates a defined contribution pension scheme on behalf of the directors. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £6,000 (1995: £6,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.