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Osprey Communications PLC

Directors:

MIR. D. P. MURPHY, Chairman
MIR. I. S. JAMIESON
MIR. D. BINGHAM
MRS. A. V. HOUSTON
MIR. J. STRACHAN, M.A., F.I.B., J.P.
MIR. A. A. WHITAKER, M.A., F.C.A.
MIR. J. A. MURCAH (resigned 24th July 1985)
MIR. J. B. D. ARMSTRONG

Secretaries and Registrars:

DAVIDSON & GARDEN
2 Queen's Road, Aberdeen AB9 8BD

Registered Office:

2 Queen's Road, Aberdeen AB9 8BD

Bankers:

Clydesdale Bank PLC

Auditors:

Williamson & Dunn, C.A., 3 West Craibstone Street, Aberdeen AB9 1YW

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Osprey Communications PLC will be held within the offices of Ralston, Mitchell, Bingham (Advertising & Marketing) Limited, 44 University Street, Belfast, on Wednesday, 25th September 1985, at 12 noon for the following purposes:

1. To receive and, if thought fit, approve and adopt the Directors' Reports and Statements of Accounts for the year to 31st March 1985.
2. To declare a dividend.
3. To elect and to re-elect Directors:
 - (a) Mr. D. P. Murphy
 - (b) Mr. A. A. Whitaker
 - (c) Mr. J. B. D. Armstrong
4. To re-appoint Messrs. Williamson & Dunn as Auditors.
And, as special business, to consider and, if thought fit, pass the following resolution, which will be proposed as a Special Resolution:
5. To delete Clause 90 of the Articles of Association of the Company and, in place thereof, to substitute the following:
'Non Executive Directors of the Company shall be entitled to receive Directors' Fees payable at the rate of £2,500 per annum, commencing with effect from 1st April 1985.'

By Order of the Directors,
DAVIDSON & GARDEN, Secretaries,
2 Queen's Road, Aberdeen AB9 8BD
30th August 1985.

Note: A Member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company. A Form of Proxy is enclosed.

A Statement of all transactions of each Director and his family interests in the Company's shares and copies of Directors' Service Contracts will be available for inspection during normal business hours at the Registered Office of the Company from the date of this notice until the date of the Annual General Meeting and during that Meeting.

Report of the Directors

The business of the Company is that of an Investment Holding Company whose principal investment is wholly owned interests in unlisted companies.

The Directors submit herewith the Consolidated Profit and Loss Account for the year to 31st March 1985 and the Consolidated Balance Sheet and Balance Sheets at that date.

| | | |
|---|---------|----------|
| The Profit for the year after Expenses, Interest and Taxation was | | £136,348 |
| The Interim Dividend of 0.5p per share paid in January 1985 absorbed | £15,500 | |
| The Directors recommend payment of a Final Dividend of 0.75p which will require | 26,250 | 41,750 |

| | |
|--|---------|
| The surplus Profit to be retained and added to Reserves is | £94,598 |
|--|---------|

In terms of the Articles of Association, Mr. Dennis P. Murphy and Mr. Alan A. Whitaker retire from the Board and, being eligible, offer themselves for re-election.

On 28th December 1984, Mr. John B. D. Armstrong was appointed as a Director of the Company. In terms of the Articles of Association, he retires from the Board and, being eligible, offers himself for election.

In compliance with, and subject to Section 14 of the Companies Act 1976, Messrs. Williamson & Dunn, Chartered Accountants, the retiring Auditors, offer themselves for re-election.

Mr. D. Bingham and Mrs. A. V. Houston both have three years service contracts with the Company which expire on 31st March 1987.

Avocet Enterprises Limited, a company incorporated in Jersey entitled exclusively to the services of Mr. D. P. Murphy for the whole of his time, has made Mr. Murphy's services available to the Company as Executive Chairman of the Company. This Agreement will expire on 31st March 1987. The fees payable in terms of this Agreement have been waived in respect of the year ended 31st March 1985.

Nassington Limited, a company incorporated in the Isle of Man entitled exclusively to the services of Mr. T. S. Jamieson for the whole of his time, has made Mr. Jamieson's services available to the Company as an Executive Director of the Company. This Agreement will expire on 31st March 1987. The fees payable in terms of this Agreement have been waived in respect of the year ended 31st March 1985.

Apart from the above, no other Director or any other party has a contract of service with the Company.

In the opinion of the Directors, the Market Value of the Leasehold land and buildings of the Group is not materially different from its book value in the Accounts.

The Company did not make any charitable or political donations during the year.

The Company is not a Close Company under the provisions of the Income and Corporation Taxes Act 1970.

The following are the interests of the Directors and their families in the capital of the Company:

| | Held Beneficially | | As Trustee | |
|---|-------------------|---------|------------|---------|
| | 1/4/84 | 31/3/85 | 1/4/84 | 31/3/85 |
| D. P. Murphy | 400,000 | 410,000 | 25,000 | 20,000 |
| T. S. Jamieson | 640,902 | 640,902 | — | — |
| D. Bingham | 181,430 | 181,430 | — | — |
| Mrs. A. V. Houston | 69,167 | 69,167 | — | — |
| J. Strachan | 119,000 | 119,000 | 46,336 | 13,335 |
| A. A. Whitaker | 23,500 | 33,500 | — | — |
| J. A. Metcalfe (resigned 24/7/85) | 10,000 | 75,000 | — | — |
| J. B. D. Armstrong (appointed 28/12/84) | — | 344,000 | — | — |

There were no changes to the above holdings as at 19th August 1985.

Apart from the above, no person has reported an interest in any substantial part of the Share Capital of the Company.

By Order of the Board,
DAVIDSON & GARDEN, Secretaries,
2 Queen's Road, Aberdeen AB9 8BD

30th August, 1985.

Chairman's Statement

The attached Report and Accounts incorporate the financial statements of the Company for the year ended 31st March 1985. During this time the whole of the share capital of Armstrong, Long (Advertising) Limited was acquired, in accordance with my letter contained in a Circular sent to members on 11th December 1984.

As previously, your Directors again considered it desirable to bring the year ends of all the constituent companies of the Group into line, and the Accounts reflect the profits of Armstrong, Long for the period from the date of acquisition, 28th December 1984, to 31st March 1985.

Both R.M.B. and Armstrong, Long have traded most satisfactorily during the time under review. The Accounts base has continued to expand as a result of the vigorous drive for new business which has, and will continue to take place, and I am pleased to report that the names of many notable customers have been added to the list of distinguished clients for whom we are privileged to act.

Turning to the financial results, R.M.B. have experienced another year of very marked progress. Pre-tax profits have risen from £109,000 in the period to 27th March 1984 to £145,000 in the current period, and in the case of Armstrong, Long, profits from the 28th December 1984 to 31st March 1985 were £40,000 against profits of £92,000 for the whole of 1984, which your Directors consider to be most encouraging.

Profits on ordinary activities before taxation for the Group amounted to £201,000 and in view of this satisfactory outcome, your Directors are recommending a final dividend of 0.75p per share which, with the interim dividend of 0.5p per share paid in January, makes a total for the year of 1.25p as against 1p for the previous year.

The current year has started extremely well and provided there is no economic or political upset, results for the new period should continue to show improvement.

Your Board continue to seek the opportunity to expand its activities in the advertising, public relations and allied industries, particularly in the United Kingdom, and indeed although we have had interesting talks with several concerns in this area, we have not as yet identified a business which would fit in and meet with what we believe will be our future requirement in the U.K.

Your Company relies greatly on the efficiency and efforts of its staff and, on behalf of the Board, I would like to thank all our employees for their most valuable contribution during the year.

D. P. MURPHY

August, 1985.

Consolidated Profit and Loss Account

for the year ended 31st March 1985

| | Note | £ | £ |
|--|------|---------|-----------|
| TURNOVER | 2 | | 2,198,472 |
| Cost of Sales | | | 1,709,017 |
| GROSS PROFIT | | | 489,455 |
| Administrative Expenses | | 316,145 | |
| Amortisation of Goodwill | 1(b) | 15,839 | |
| | | | 331,984 |
| | | | 157,471 |
| Other Operating Income | 4 | 4,977 | |
| Income from Fixed Asset Investments (listed) | | 44,008 | |
| Other Interest Receivable | | 7,378 | |
| | | | 56,363 |
| | | | 213,834 |
| Interest Payable on bank loans, overdrafts and other loans repayable within five years | | | 12,944 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | | 200,890 |
| Tax on Profit on Ordinary Activities | 5 | | 96,750 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | | 104,140 |
| EXTRAORDINARY ITEM | | | |
| Surplus on Disposal of Fixed Asset Investments | | 38,497 | |
| Taxation thereon | | 6,289 | |
| | | | 32,208 |
| PROFIT FOR THE YEAR | 6 | | 136,348 |
| DIVIDENDS | 7 | | 41,750 |
| RETAINED PROFIT FOR THE YEAR | | | 94,598 |
| Retained Profit Brought Forward | | | 30,434 |
| RETAINED PROFIT CARRIED FORWARD | | | 125,032 |
| EARNINGS PER ORDINARY SHARE | 8 | | 3.25p |

The notes on pages 8 to 13 form part of these accounts.

Consolidated Balance Sheet

as at 31st March, 1985

| | Note | £ | 1985 £ | £ | 1984 £ |
|--|---------|------------------|------------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Intangible Asset | 9 | | 624,500 | | 208,909 |
| Tangible Assets | 10 | | 328,617 | | 122,905 |
| Investments | 11 | | — | | 444,356 |
| | | | <u>953,117</u> | | <u>776,170</u> |
| CURRENT ASSETS | | | | | |
| Work in Progress | 1(g) | 38,165 | | 15,073 | |
| Debtors | 12 | 918,841 | | 403,933 | |
| Cash at Bank and in Hand | | 126,344 | | 138,855 | |
| | | <u>1,083,350</u> | | <u>557,861</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | 763,996 | | 431,330 | |
| NET CURRENT ASSETS | | | <u>319,354</u> | | <u>126,531</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,272,471 | | 902,701 |
| CREDITORS | | | | | |
| Amount falling due after more than one year | 13 | 108,423 | | 58,230 | |
| PROVISION FOR LIABILITIES AND CHARGES | | | | | |
| Deferred Taxation | 14 | — | | 6,521 | |
| | | | <u>108,423</u> | | <u>64,751</u> |
| | | | <u>1,164,048</u> | | <u>837,950</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up Share Capital | 15 | | 875,000 | | 775,000 |
| Unrealised Appreciation Reserve | 16(i) | | — | | 32,516 |
| Acquisition Reserve | 16(ii) | | 164,016 | | — |
| Profit and Loss Account | 16(iii) | | 125,032 | | 30,434 |
| | | | <u>1,164,048</u> | | <u>837,950</u> |

Signed on behalf of the Board

The Notes on pages 8 to 13 form a part of these accounts.

Balance Sheet

as at 31st March 1985

| | Note | 1985 £ | 1984 £ |
|--|---------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments in Subsidiaries -- at cost | 17 | 1,400,004 | 750,002 |
| Other Investments | 11 | — | 444,356 |
| | | 1,400,004 | 1,194,358 |
| CURRENT ASSETS | | | |
| Debtors | 12 | 23,562 | 19,644 |
| Cash at Bank and in Hand | | 99,121 | 138,642 |
| | | <u>122,683</u> | <u>158,286</u> |
| <i>Less:</i> | | | |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | <u>55,754</u> | <u>123,625</u> |
| NET CURRENT ASSETS | | <u>66,929</u> | <u>34,661</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,466,933 | 1,229,019 |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| Deferred Taxation | 14 | — | 6,521 |
| | | <u>1,466,933</u> | <u>1,222,498</u> |
| CAPITAL AND RESERVES | | | |
| Called up Share Capital | 15 | 875,000 | 775,000 |
| Capital Reserves | | | |
| Realised Reserves | | 111,178 | 111,178 |
| Unrealised Appreciation | 16(i) | — | 32,516 |
| Acquisition Reserve | 16(ii) | 437,386 | 273,370 |
| Profit and Loss Account | 16(iii) | 43,369 | 30,434 |
| | | <u>1,466,933</u> | <u>1,222,498</u> |

Signed on behalf of the Board

The notes on pages 8 to 13 form part of these accounts.

Source and Application of Funds

for year ended 31st March 1985

SOURCE OF FUNDS

| | £ | £ |
|--|--------|----------------|
| Profit from Ordinary Activities before taxation | | 200,890 |
| Items not involving the movement of funds | | |
| Depreciation of tangible fixed assets | 11,542 | |
| Amortisation of goodwill | 15,839 | |
| | | 27,381 |
| Sale of Fixed Asset Investments | | 444,351 |
| Sale of Tangible Fixed Assets | | 6,420 |
| Shares issued in part consideration of acquisition of subsidiary | | 300,000 |
| | | <u>979,042</u> |

APPLICATION OF FUNDS

| | | |
|---|---------|----------------|
| Taxation | 70,712 | |
| Purchase of fixed asset investments | 535 | |
| Purchase of tangible fixed assets | 223,673 | |
| Goodwill on acquisition of subsidiary | 431,430 | |
| Expenses of acquisition of subsidiaries | 35,984 | |
| Dividends paid | 35,500 | |
| | | <u>797,834</u> |
| | | <u>181,208</u> |

INCREASE IN LIQUIDITY

| | |
|------------------------------|------------------|
| Increase in Work in Progress | 23,092 |
| Increase in Debtors | 509,127 |
| Decrease in Cash at Bank | (12,511) |
| Increase in Creditors | <u>(338,500)</u> |
| | <u>181,208</u> |

SUMMARY OF THE NET EFFECT OF THE ACQUISITION OF ARMSTRONG LONG (ADVERTISING) LIMITED

| | |
|--|-----------------|
| Net Assets acquired | |
| Tangible Fixed Assets | 199,185 |
| Net Current Assets | 83,634 |
| Creditors falling due after more than one year | <u>(64,249)</u> |
| | 218,570 |
| Goodwill | <u>431,430</u> |
| | 650,000 |
| Discharged by | |
| Shares issued | 300,000 |
| Cash | <u>350,000</u> |
| | <u>650,000</u> |

Notes on the Accounts

for the year ended 31st March 1985

1 ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention.

(b) Basis of Consolidation

The Consolidated Profit and Loss Account reflects the trading results of the parent company and its subsidiaries for the year ended 31st March 1985, or, in the case of a subsidiary acquired or incorporated since 28th March 1984, for the period from the date of acquisition or incorporation to 31st March 1985.

The Consolidated Balance Sheet reflects the assets and liabilities of Osprey Communications PLC and all its subsidiaries as at 31st March 1985.

Goodwill arising on the acquisition of Ralston, Mitchell, Bingham (Advertising & Marketing) Limited representing the excess of the total purchase consideration over the net asset value was partially written off against Realised Capital Reserves and Acquisition Reserve at 31st March 1984. In accordance with Statement of Standard Accounting Practice No. 22, the goodwill remaining at 1st April 1984 is being amortised over 20 years being its estimated useful life. Similar goodwill which arose on the acquisition of Armstrong Long (Advertising) Limited on 28th December 1984, is being amortised over 20 years from that date.

(c) Surplus on Sale of Fixed Asset Investments

Prior to the company ceasing to hold Investment Trust status, these amounts were dealt with directly through Realised Capital Reserves. In the current year, the remainder of these assets have been disposed of and the surplus of proceeds over cost is shown as an Extraordinary Item in the Profit and Loss Account.

(d) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives. The following are the main annual rates used—

Leasehold Property—Written off over unexpired term with a minimum rate of 2%,
Motor Vehicles and Office Equipment—25%.

(e) Deferred Taxation

Deferred taxation is provided on the liability method for all short term timing differences. Provision is also made for all long term timing differences except for those which are not expected to reverse in the foreseeable future.

(f) Exchange Translations

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in a foreign currency are translated at an average rate for the period.

(g) Work in Progress

Work in Progress is valued at the lower of cost and estimated net realisable value. Cost consists of direct charges.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents the value of advertisements and other services (excluding value added tax) provided by the subsidiary companies which trade as advertising agencies; no analysis by geographical market is given.

The group profit on ordinary activities is derived from—

| | |
|---|-----------------|
| Subsidiary companies trading as advertising agencies | £182,735 |
| Income from investment of surplus funds by the parent company | |
| less the administrative expenses of that company | 33,994 |
| | £216,729 |
| Less: Amortisation of goodwill | 15,839 |
| | <u>£200,890</u> |

Notes on the Accounts continued

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

| | |
|---|---------------|
| Group profit before taxation is stated after charging-- | |
| Depreciation of tangible fixed assets | £12,744 |
| Auditors' remuneration and crediting-- | £8,210 |
| Profit on sale of tangible fixed assets | <u>£1,202</u> |

3 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

| | |
|--|-----------------|
| Average number of employees—administration | <u>24</u> |
| Employee Costs | |
| Wages and salaries | £176,668 |
| Social security costs | 17,736 |
| Other pension costs | 5,572 |
| | <u>£199,976</u> |

| | |
|--|----------------|
| Directors' Emoluments | |
| Emoluments (including pension contributions) | <u>£39,006</u> |

The emoluments of the Chairman amounted to NIL and those of the highest paid director, excluding pension contributions, £15,400. Four of the other directors also received no emoluments and the remaining directors received emoluments, excluding pension contributions, in the following ranges—

| | |
|-----------------|---|
| £5,000—£10,000 | 1 |
| £10,000—£15,000 | 1 |

4 OTHER OPERATING INCOME

| | |
|--------------------------|---------------|
| Share Dealing Profits | £4,521 |
| Underwriting Commissions | 456 |
| | <u>£4,977</u> |

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | |
|--|----------------|
| Corporation Tax based on profit for year | £95,996 |
| Tax suffered on franked income | 1,914 |
| Overseas tax | 79 |
| | <u>£97,989</u> |
| Less: Double tax relief | £79 |
| Prior year's adjustment | <u>1,160</u> |
| | <u>1,239</u> |
| | <u>£96,750</u> |

6 PROFIT FOR THE YEAR

£54,685 of the group profit for the year has been dealt with in the accounts of the parent company. No profit and loss account is presented for Osprey Communications PLC as provided by Section 228 (7) of the Companies Act 1985.

7 DIVIDENDS

| | |
|------------------------------------|----------------|
| Interim—0.5p per share (see below) | £15,500 |
| Proposed final—0.75p per share | 26,250 |
| | <u>£41,750</u> |

The interim dividend was paid on the 3,100,000 shares in issue prior to the acquisition of Armstrong Long (Advertising) Limited on 28th December 1984.

Notes on the Accounts Continued

8 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on earnings of £104,140 and on 3,203,014 shares being the weighted average number of ordinary shares in issue during the year.

9 INTANGIBLE FIXED ASSET

Goodwill arising on acquisition of subsidiaries:

| | | |
|--|----------|-----------------|
| Cost at 31st March 1984 | | £593,457 |
| Arising during the year | | 431,440 |
| Cost at 31st March 1985 | | £1,024,887 |
| Written off to reserves at 31st March 1984 | £384,548 | |
| Amortised during year | 15,839 | |
| | | 400,387 |
| Net book value at 31st March 1985 | | <u>£624,500</u> |

10 TANGIBLE FIXED ASSETS

| | Long Leasehold Land and Buildings | Motor Vehicles Office Equipment | Total |
|-----------------------------------|---|---------------------------------------|-----------------|
| Cost | | | |
| As at 31st March 1984 | £106,174 | £35,601 | £141,775 |
| Additions | | | |
| On Acquisition | 175,310 | 106,120 | 281,430 |
| Others | — | 24,488 | 24,488 |
| Disposals | — | (7,421) | (7,421) |
| As at 31st March 1985 | <u>£281,484</u> | <u>£158,788</u> | <u>£440,272</u> |
| Depreciation | | | |
| As at 31st March 1984 | £5,925 | £12,945 | £18,870 |
| Added on Acquisition | 13,924 | 68,321 | 82,245 |
| Charge for year | 3,000 | 9,744 | 12,744 |
| On disposals | — | (2,204) | (2,204) |
| As at 31st March 1985 | <u>£22,849</u> | <u>£88,806</u> | <u>£111,655</u> |
| Net Book Value at 31st March 1985 | <u>£258,635</u> | <u>£69,982</u> | <u>£328,617</u> |
| Net Book Value at 31st March 1984 | <u>£100,249</u> | <u>£22,656</u> | <u>£122,905</u> |

11 FIXED ASSET INVESTMENTS

Group and Company

| | Listed | Unlisted | Total |
|-------------------------------|-----------|-----------|-----------|
| As at 31st March 1984 | £441,796 | £2,560 | £444,356 |
| Less: unrealised appreciation | 39,677 | (640) | 39,037 |
| Book Cost at 31st March 1984 | £402,119 | £3,200 | £405,319 |
| Additions at cost | 535 | — | 535 |
| Disposals at cost | (402,654) | (3,200) | (405,854) |
| As at 31st March 1985 | <u>£—</u> | <u>£—</u> | <u>£—</u> |

Notes on the Accounts continued

12 DEBTORS

| | 31st March 1985 | | 31st March 1984 | |
|--------------------------------|---------------------|--------------------|---------------------|--------------------|
| | Due within one year | Due after one year | Due within one year | Due after one year |
| Group | | | | |
| Trade Debtors | £851,577 | £— | £341,591 | £— |
| ACT recoverable | 11,830 | 11,250 | 8,728 | 8,571 |
| Prepayments and accrued income | 43,702 | — | 20,520 | — |
| Others | 482 | — | 24,523 | — |
| | <u>£907,591</u> | <u>£11,250</u> | <u>£395,362</u> | <u>£8,571</u> |
| | <u>£918,841</u> | | <u>£403,933</u> | |
| Company | | | | |
| ACT recoverable | £11,830 | £11,250 | £8,728 | £8,571 |
| Others | 482 | — | 2,345 | — |
| | <u>£12,312</u> | <u>£11,250</u> | <u>£11,073</u> | <u>£8,571</u> |
| | <u>£23,562</u> | | <u>£19,644</u> | |

13 CREDITORS

| | 31st March 1985 | | 31st March 1984 | |
|------------------------------------|-----------------------------------|-----------------|-----------------------------------|----------------|
| | Amounts falling due within 1 year | after 1 year | Amounts falling due within 1 year | after 1 year |
| Group | | | | |
| Bank Loans and Overdrafts | £75,246 | £101,437 | £34,560 | £58,230 |
| H.P. Creditors | 9,720 | 6,986 | — | — |
| Trade Creditors | 441,445 | — | 218,789 | — |
| Taxation and Social Security Costs | 157,653 | — | 73,721 | — |
| Proposed Dividend | 26,250 | — | 20,000 | — |
| Other Creditors | 53,682 | — | 84,260 | — |
| | <u>£763,996</u> | <u>£108,423</u> | <u>£431,330</u> | <u>£58,230</u> |
| Company | | | | |
| Due to Group Companies | £350 | £— | £18,949 | £— |
| Taxation | 21,743 | — | 9,010 | — |
| Proposed Dividend | 26,250 | — | 20,000 | — |
| Other Creditors | 7,411 | — | 75,666 | — |
| | <u>£55,754</u> | <u>£—</u> | <u>£123,625</u> | <u>£—</u> |

All creditors falling due after more than 1 year are payable within five years and together with the bank overdrafts are secured over the property and certain other assets of the companies concerned.

14 DEFERRED TAXATION

Deferred taxation provided in the accounts and the potential liabilities for which no provision has been made are as follows—

| | Provision | | Potential Liabilities | |
|-------------------------------------|-----------|---------------|-----------------------|---------------|
| | 31.3.85 | 31.3.84 | 31.3.85 | 31.3.84 |
| Group | | | | |
| Accelerated capital allowances | £— | £— | £6,873 | £6,472 |
| Taxation on unrealised appreciation | — | 6,521 | — | — |
| | <u>£—</u> | <u>£6,521</u> | <u>£6,873</u> | <u>£6,472</u> |
| Company | | | | |
| Accelerated capital allowances | £— | £— | £— | £— |
| Taxation on unrealised appreciation | — | 6,521 | — | — |
| | <u>£—</u> | <u>£6,521</u> | <u>£—</u> | <u>£—</u> |

Notes on the Accounts continued

12 DEBTORS

| | 31st March 1985 | | 31st March 1984 | |
|--------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Due within one year | Due after one year | Due within one year | Due after one year |
| Group | | | | |
| Trade Debtors | £851,577 | £— | £341,591 | £— |
| ACT recoverable | 11,830 | 11,250 | 8,728 | 8,571 |
| Prepayments and accrued income | 43,702 | — | 20,520 | — |
| Others | 482 | — | 24,523 | — |
| | <u>£907,591</u> | <u>£11,250</u> | <u>£395,362</u> | <u>£8,571</u> |
| | <u>£918,841</u> | | <u>£403,933</u> | |
| Company | | | | |
| ACT recoverable | £11,830 | £11,250 | £8,728 | £8,571 |
| Others | 482 | — | 2,345 | — |
| | <u>£12,312</u> | <u>£11,250</u> | <u>£11,073</u> | <u>£8,571</u> |
| | <u>£23,562</u> | | <u>£19,644</u> | |

13 CREDITORS

| | 31st March 1985 | | 31st March 1984 | |
|------------------------------------|--------------------------------------|-----------------|--------------------------------------|----------------|
| | Amounts falling due within 1 year | after 1 year | Amounts falling due within 1 year | after 1 year |
| Group | | | | |
| Bank Loans and Overdrafts | £75,246 | £101,437 | £34,560 | £58,230 |
| H.P. Creditors | 9,720 | 6,986 | — | — |
| Trade Creditors | 441,445 | — | 218,789 | — |
| Taxation and Social Security Costs | 157,653 | — | 73,721 | — |
| Proposed Dividend | 26,250 | — | 20,000 | — |
| Other Creditors | 53,682 | — | 84,260 | — |
| | <u>£763,996</u> | <u>£108,423</u> | <u>£431,330</u> | <u>£58,230</u> |
| Company | | | | |
| Due to Group Companies | £350 | £— | £18,949 | £— |
| Taxation | 21,743 | — | 9,010 | — |
| Proposed Dividend | 26,250 | — | 20,000 | — |
| Other Creditors | 7,411 | — | 75,666 | — |
| | <u>£55,754</u> | <u>£—</u> | <u>£123,625</u> | <u>£—</u> |

All creditors falling due after more than 1 year are payable within five years and together with the bank overdrafts are secured over the property and certain other assets of the companies concerned.

14 DEFERRED TAXATION

Deferred taxation provided in the accounts and the potential liabilities for which no provision has been made are as follows—

| | Provision | | Potential Liabilities | |
|-------------------------------------|-----------|---------------|-----------------------|---------------|
| | 31.3.85 | 31.3.84 | 31.3.85 | 31.3.84 |
| Group | | | | |
| Accelerated capital allowances | £— | £— | £6,873 | £6,472 |
| Taxation on unrealised appreciation | — | 6,521 | — | — |
| | <u>£—</u> | <u>£6,521</u> | <u>£6,873</u> | <u>£6,472</u> |
| Company | | | | |
| Accelerated capital allowances | £— | £— | £— | £— |
| Taxation on unrealised appreciation | — | 6,521 | — | — |
| | <u>£—</u> | <u>£6,521</u> | <u>£—</u> | <u>£—</u> |

Notes on the Accounts (continued)

15 CALLED UP SHARE CAPITAL

| | |
|--|------------|
| Authorised | |
| 12,000,000 Ordinary Shares of 25p each | 13,000,000 |
| Allotted, Issued and Fully Paid | |
| 3,500,000 (31,384 - 3,100,000) Ordinary Shares of 25p each | 1,875,000 |

The issued share capital was increased during the year by the allotment of 400,000 Ordinary Shares as part of the consideration in the acquisition of Armstrong Long (Advertising) Limited.

16 RESERVES

(i) Unrealised Appreciation Reserve

| | |
|-----------------------|---------|
| Group and Company | |
| As at 31st March 1984 | £32,516 |
| Released during year | 32,516 |
| As at 31st March 1985 | £ - |

(ii) Acquisition Reserve

| | Group | Company |
|--|----------|----------|
| As at 31st March 1984 | £ - | £273,370 |
| Excess over par value of the 400,000 Ordinary Shares of 25p each issued at an agreed value of 75p in part satisfaction of the consideration in the acquisition of Armstrong Long (Advertising) Limited | 200,000 | 200,000 |
| | £200,000 | £473,370 |
| Less: Expenses of Acquisition of Subsidiaries | 35,984 | 35,984 |
| As at 31st March 1985 | £164,016 | £437,386 |

(iii) Profit and Loss Account

| | Group | Company |
|-----------------------|----------|---------|
| As at 31st March 1984 | £30,434 | £30,434 |
| Surplus for year | 94,598 | 12,935 |
| As at 31st March 1985 | £125,032 | £43,369 |

17 SUBSIDIARY COMPANIES

(i) Cost

| | |
|-----------------------|------------|
| As at 31st March 1984 | £750,002 |
| Added during year | 650,002 |
| As at 31st March 1985 | £1,400,004 |

During the year the company acquired the entire issued share capital of Armstrong Long (Advertising) Limited for a consideration of £650,000 satisfied by the issue of 400,000 Ordinary Shares of 25p each credited as fully paid and valued for this purpose at 75p per share, and a cash payment of £350,000.

(ii) The principal subsidiaries are:

| | Country of Incorporation | Class of Capital | Percentage Held | Description of Activity |
|--|--------------------------|-------------------|-----------------|---|
| Ralston, Mitchell, Bingham (Advertising & Marketing) Limited | Northern Ireland | Ordinary Deferred | 100% 100% | Advertising Agency |
| Armstrong Long (Advertising) Limited | Northern Ireland | Ordinary | 100% | Advertising Agency (acquired with effect from 28th Dec. 1984) |

(iii) Audit

The audit of the accounts of the trading subsidiaries is carried out by firms other than the group auditors.

Notes on the Accounts Continued

18 CONTINGENT LIABILITY

Osprey Communications PLC has guaranteed the bank borrowing of Ralston, Mitchell, Bingham (Advertising & Marketing) Limited up to a maximum of £100,000.

19 COMPARATIVE FIGURES

Other than on the Balance Sheets, no comparative figures have been included as these would be meaningless. For most of the year to 31st March 1984, Osprey Communications PLC carried on business as an Investment Trust and the first acquisition of the present trading subsidiaries was not effected until 28th March 1984.

20 APPROVAL

The accounts were approved by the board on 24th July 1985.

Auditors' Report

To the members of OSPREY COMMUNICATIONS PLC

Aberdeen 24th July 1985

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

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs at 31st March 1985 and of the profit and the source and application of funds for the year then ended and comply with the Companies Act 1985.

Williamson & Co. A.