

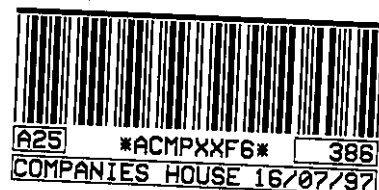
Company No: 2518921

REGISTERED

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996



JULIUS A MELLER MANAGEMENT SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

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JULIUS A MELLER MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 1996.

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 of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- d. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Activity

The principal activity of the company which has remained unchanged during the financial year was the provision of management services.

Business review and future developments

The company has traded profitably during the year under review and is expected to continue to do so in 1997, providing a similar level of services.

Dividends

In view of the company's current and future requirements and the maintenance and development of the company's business the directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company during the year were as follows:

M J Meller
D R Meller
J N Curtis FCA

No director had any interest in the share capital of the company.

The interests of the directors in the shares of the parent company are disclosed in that company's directors' report.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Casson Beckman, chartered accountants, as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD


J N Curtis FCA

Secretary

24th June 1997

Registered Office:

Meller House
42-43 Chagford Street
London NW1 6EB.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF JULIUS A MELLER MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies as set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 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, are consistently applied and are 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 as at 31st December 1996 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CASSON BECKMAN

Chartered Accountants
and Registered Auditors

Hobson House
155 Gower Street
London WC1E 6BJ

24th June 1997

JULIUS A MELLER MANAGEMENT SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1996**

	Notes	1996 £'000	1995 £'000
Turnover	2	3,150	2,044
Administrative expenses		(3,115)	(1,955)
		—	—
Operating profit		35	89
Interest receivable		-	1
		—	—
Profit on ordinary activities before taxation		35	90
Tax on profit on ordinary activities	4	(63)	(13)
		—	—
(Loss)/profit on ordinary activities after taxation		(28)	77
Dividends	5	-	(77)
		—	—
		(28)	-
Retained profit brought forward		30	30
		—	—
Retained profit carried forward		2	30
		==	==

There are no recognised gains or losses other than the loss for the financial year.

Turnover and operating profit all derive from continuing operations.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

BALANCE SHEET

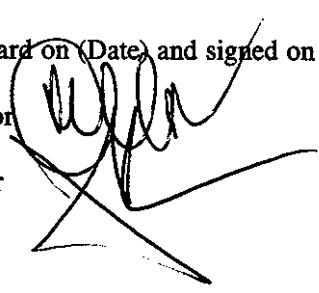
AT 31ST DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Current assets			
Debtors	6	1,041	582
Cash at bank and in hand		-	44
		<u>1,041</u>	<u>626</u>
Creditors: Amounts falling due within one year	7	(1,038)	(595)
		<u></u>	<u></u>
Total assets less current liabilities		<u>3</u>	<u>31</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	2	30
		<u></u>	<u></u>
Shareholders' funds		<u>3</u>	<u>31</u>

Approved by the Board on (Date) and signed on its behalf by

M J Meller - Director

J N Curtis - Director



JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced by the company in respect of services rendered during the year stated net of value added tax.

Pensions

The company operates a defined contribution scheme covering the majority of its permanent employees. Pension costs charged against profits, represent the amounts payable to the scheme in respect of the year.

2. Turnover

The turnover of the company during the year was made in the same geographical area.

The turnover of the company for the year derives from the same class of business as noted in the directors' report.

3. Employees and directors	1996	1995
	£'000	£'000
Staff costs including executive directors during the year amounted to:-		
Wages and salaries	2,368	1,593
Social security costs	267	165
Other pension costs	210	192
	2,845	1,950
	—	—
The average monthly number of employees during the year was:-	No.	No.
Office and management	8	8
	—	—
Directors' emoluments:	£'000	£'000
Salaries and benefits	2,520	1,505
Pension contributions	206	191
	2,726	1,696
	—	—

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

3. Employees and directors (continued)

Included above is remuneration paid to:	1996	1995
	£'000	£'000
The chairman	937	594
	=====	=====
The highest paid director	1,009	594
	=====	=====

The remuneration above includes performance related bonuses earned in respect of profits achieved on the sale of a non-core investment .

In 1995 the chairman was also the highest paid director.

The number of other directors who received remuneration in the following ranges were:		1996	1995
		No.	No.
£'000	£'000		
440	- 455	-	1
465	- 470	-	1
570	- 575	1	-
		=====	=====

4. Taxation

The taxation charge which is based on the results of the year is made up as follows:-

Current year		
Corporation tax	4	13
Prior years		
Payment for group relief	59	-
	=====	=====
	63	13
	=====	=====

5. Dividends

1996	1995
£'000	£'000

Proposed dividend	-	77
	=====	=====

6. Debtors

1996	1995
£'000	£'000

Amounts falling due within one year:		
Amounts owed by group undertakings	1,041	582
	=====	=====

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

7. Creditors: Amounts falling due within one year	1996 £'000	1995 £'000
Bank overdrafts	137	-
Amounts owed to group undertakings	58	285
Amounts owed to former fellow subsidiary company	306	-
Dividends payable	-	77
Corporation tax	5	13
Other taxation and social security costs	235	51
Accruals and deferred income	297	169
	<u>1,038</u>	<u>595</u>

Bank overdrafts amounting to £137,000 (1995 - £Nil) are secured by a fixed charge over the company's book debts and a floating charge over all other assets.

8. Share capital	1996 £'000	1995 £'000
Authorised:		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted, issued and fully paid:		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

9. Reserves and reconciliation of movements in shareholders' funds

	Share Capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Opening shareholders' funds	1	30	31
(Loss)/profit for the financial year	-	(28)	(28)
Dividends	-	-	-
	<u>1</u>	<u>2</u>	<u>3</u>
Closing shareholders' funds	1	2	3

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

10. Contingent liabilities

The company has guaranteed the borrowings of its parent company, fellow subsidiaries and former fellow subsidiaries as part of group banking arrangements. The borrowings are secured by a fixed and floating charge over the assets of the companies involved. At 31st December 1996 the contingent liability in respect of this guarantee was £685,000 (1995 - £1,436,000).

The company is included in a group registration for VAT purposes with its parent company fellow subsidiaries and former subsidiaries. All members of the VAT group are jointly and severally liable for the total amount of VAT due, and at 31st December 1996 the contingent liability in respect of this group registration was £1,377,000 (1995: £1,170,000).

11. Related party transactions

Details of the company's ultimate parent company are given in Note 12.

The company has taken advantage of the exemptions from disclosure of transactions with group companies available to subsidiary undertakings under Financial Reporting Standard No.8.

12. Ultimate parent company

The company's ultimate parent company is Julius A Meller Holdings Plc. Copies of the group financial statement of Julius A Meller Holdings Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

13. Approval of financial statements

These financial statements were formally approved by the board of directors on 24th June 1997.