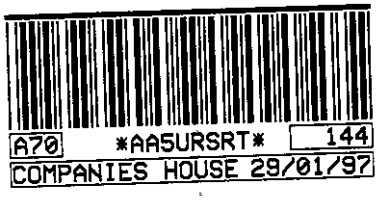
Company Number: 02660610

Marketing and Promotional Services Limited

Directors' Report and Financial Statements

for the year ended 31 December 1995

Brewer, Clark & Partners
Chartered Accountants
Century House
19 High Street
Marlow
Buckinghamshire SL7 1AU



Marketing and Promotional Services Limited

Company Information

Directors	R D Keifer G F Keifer I R Nunes
Secretary	Serviced Property and Asset Management Limited
Company Number	02660610
Registered Office	Century House 19 High Street Marlow Buckinghamshire SL7 1AU
Auditors	Brewer, Clark & Partners Century House 19 High Street Marlow Buckinghamshire SL7 1AU
Business Address	Unit 11 Manor Way Old Woking Surrey GU22 9JX

Marketing and Promotional Services Limited

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Marketing and Promotional Services Limited

Directors' Report for the year ended 31 December 1995

The directors present their report and the financial statements for the year ended 31 December 1995.

Principal Activities

The principal activity of the company is the design and supply of toys and novelties for promotional purposes.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

It is proposed that the loss of £22,991 is transferred to reserves.

Fixed Assets

Changes in fixed assets during the year are shown in note

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares 1995	1994
R D Kiefer	Ordinary shares	99	99
G F Kiefer	Ordinary shares	1	1
I R Nunes	Ordinary shares	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Brewer, Clark & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

Marketing and Promotional Services Limited

Directors' Report for the year ended 31 December 1995

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

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. They 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.

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 28.1.97..

R D Kiefer
Director

Marketing and Promotional Services Limited

Auditors' Report
to the shareholders of Marketing and Promotional Services Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 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 the company's affairs as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Brewer, Clark & Partners

Chartered Accountants
Registered Auditor

24/1/97

Century House
19 High Street
Marlow
Buckinghamshire SL7 1AU

Marketing and Promotional Services Limited

Profit and Loss Account
for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover		2,161,068	2,323,559
Cost of sales		(1,756,303)	(1,994,598)
Gross profit		404,765	328,961
Administrative expenses		(419,857)	(292,119)
Operating loss		(15,092)	36,842
Other interest receivable and similar income		11,579	2,937
Interest payable and similar charges		(10,138)	(17,414)
Loss on ordinary activities before taxation		(13,651)	22,365
Tax on loss on ordinary activities		(9,340)	(6,790)
Loss for the year	10	£ (22,991)	£ 15,575

There are no recognised gains and losses other than those passing through the profit and loss account.

Marketing and Promotional Services Limited

Balance Sheet
as at 31 December 1995

	Notes	1995 £	1995 £	1994 £	1994 £
Fixed Assets					
Tangible assets	5		28,302		21,490
Current Assets					
Stocks	6	26,699		290,834	
Debtors		295,732		414,673	
Cash at bank and in hand		292,393		46,035	
		614,824		751,542	
Creditors: amounts falling due within one year		(589,626)		(696,541)	
Net Current Assets			25,198		55,001
Total Assets Less Current Liabilities			£ 53,500		£ 76,491
Capital and Reserves					
Called up share capital			100		100
Profit and loss account	10		53,400		76,391
Shareholders' Funds (equity interests)			£ 53,500		£ 76,491

In preparing these financial statements:

(a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and

(b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on ..28.1.97..

R.D.Kiefer

Director

Notes to the Financial Statements for the year ended 31 December 1995

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	25% Reducing balance
Motor vehicles	-	25% Reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the policy stated above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Stock

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

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. Turnover

In the year to 31 December 1995 39% of the company's turnover was to markets outside the United Kingdom (1994 - 27%).

3. Operating Loss

	1995 £	1994 £
Operating loss is stated after charging:		
Depreciation of tangible assets	9,290	7,163
Hire of plant and machinery	19,725	11,918
Exceptional item (see below)	46,586	-
Operating lease rentals		
- Land and buildings	24,000	11,752
Auditors' remuneration	3,000	3,000
Directors' emoluments	78,150	68,250

During the year, loans were made to Internexus Limited, a company in which D and G Kiefer were directors and shareholders. The loan were made to assist Internexus in acquiring the business of a soft drinks manufacturer. Due to unforseen events, Internexus Limited was put into liquidation during 1995 and the loans have therefore been written off.

4. Taxation

	1995 £	1994 £
U.K. Current year taxation		
U.K. Corporation tax at 25% (1994 - 25%)	9,340	6,874
Prior years		
U.K. Corporation tax	-	(84)
	£ 9,340	£ 6,790

5. Tangible Assets

	Land and buildings Leasehold (long)	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 1994	7,844	22,209	5,500	35,553
Additions	233	15,869	-	16,102
At 31 December 1995	8,077	38,078	5,500	51,655
Depreciation				
At 1 January 1994	1,961	7,936	4,166	14,063
Charge for year	1,471	7,485	334	9,290
At 31 December 1995	3,432	15,421	4,500	23,353
Net book values				
At 31 December 1995	£ 4,645	£ 22,657	£ 1,000	£ 28,302
At 31 December 1994	£ 5,883	£ 14,272	£ 1,335	£ 21,490

6. Debtors

	1995	1994
	£	£
Trade debtors	193,825	304,697
Others	101,907	109,976
	£ 295,732	£ 414,673

Amounts falling due after more than one year and included in the debtors above are:

	1995	1994
	£	£
Others	13,550	12,250

7. Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	542,328	668,940
Corporation tax	9,340	6,874
Other creditors	37,958	20,727
	£ 589,626	£ 696,541

8. Share Capital

	1995 £	1994 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

9. Profit And Loss Account

	1995 £	1994 £
Retained profits at 1 January 1994	76,391	60,816
Retained loss for the year	(22,991)	15,575
Retained profits at 31 December 1995	£ 53,400	£ 76,391

10. Reconciliation of Movements in Shareholders' Funds

	1995 £	1994 £
Loss for the financial year	(22,991)	15,575
Opening shareholders' funds	76,491	60,916
Closing shareholders' funds	£ 53,500	£ 76,491

11. Financial Commitments

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1995	1994
	£	£
Expiry date:		
Between two and five years	24,000	24,000
	£ 24,000	£ 24,000

12. Transactions With Directors

13. Related Party Transactions

Included in the accounts are charges for property and equipment rental amounting to £24,000 and £18,750 respectively. These costs were payable to Serviced Property and Asset Management Limited (SPAM) a company under common ownership and of which D and G Kiefer are also directors. The balance sheet includes an amount of £77,941 due from MAPS, of which £12,000 is due after one year.

The balance sheet also includes an amount of £5,458 due from Marketing and Promotional Services Inc., a company registered in USA, and also under common ownership.

During the year various loans were made to Internexus Limited - see note 3 to these accounts.

Marketing and Promotional Services Limited

Information for Management Purposes

for the year ended 31 December 1995

Marketing and Promotional Services Limited

Detailed Trading and Profit and Loss Account
for the year ended 31 December 1995

	1995		1994	
	£	£	£	£
Sales		2,159,068		2,323,559
Rent receivable		2,000		-
		2,161,068		2,323,559
Cost of sales				
Purchases	1,497,539		1,821,996	
Marketing consultancy	98,138		118,877	
Wages and salaries (excl. N.I.)	160,626		53,725	
		(1,756,303)		(1,994,598)
Gross profit		404,765		328,961
Administrative expenses		(419,857)		(292,119)
Operating loss		(15,092)		36,842
Other income and expenses				
Interest receivable				
Bank deposit interest	6,123		2,937	
Other interest	5,456		-	
		11,579		2,937
Interest payable				
Interest on loans repayable in less than 5 years	10,138		17,414	
		(10,138)		(17,414)
Net loss for the year		£ (13,651)		£ 22,365

Marketing and Promotional Services Limited

Admininstrative Expenses
for the year ended 31 December 1995

	1995 £	1994 £
Administrative expenses		
Wages and salaries	164,178	117,454
Directors' remuneration	78,150	65,662
Rent	24,000	25,409
Rates	27,311	3,511
Insurance	3,340	3,472
Light and heat	3,312	3,009
Repairs and maintenance	26,845	10,072
Printing, postage and stationery	12,942	13,800
Advertising	815	560
Telephone	10,216	12,273
Computer costs	303	495
Hire of equipment	19,725	11,918
Motor, travel and entertaining	18,201	33,117
Legal and professional	4,947	5,085
Consultancy	545	975
Bank charges	2,138	1,618
Discounts received	673	-
Profit on foreign exchange	(35,825)	(25,329)
General expenses	2,165	1,855
Internexus loans and related costs	46,586	-
Depreciation on leasehold improvements	1,471	1,961
Depreciation on FF & E	7,485	3,443
Depreciation on motor vehicles	334	1,759
	£ 419,857	£ 292,119