

LBM Direct Marketing Limited
Directors' Report and Accounts
Year ended 31 May 1998

Company Registration No. 2714607 (England and Wales)



ROOSES
TOWER

LBM Direct Marketing Limited

Company Information

Directors

T M Borthwick
R A Beck

Secretary

R A Beck

Company number

2714607

Registered office

50 St. Andrew Street
Hertford
Herts.
SG14 1JA

Auditors

Moores Rowland
50 St. Andrew Street
Hertford
Herts.
SG14 1JA

Business address

LBM House, Atlantic Point
Atlantic Street, Broadheath
Altrincham
WA14 5DE

Bankers

The Co-operative Bank Plc
Olympic House, 6 Olympic Court
Montford Street
Salford
M5 2QP

LBM Direct Marketing Limited

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LBM Direct Marketing Limited

Directors' Report Year ended 31 May 1998

The directors present their report and accounts for the year ended 31 May 1998.

Directors

The following directors have held office since 1 June 1997:

T M Borthwick
R A Beck

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

Principal activities and review of the business

The principal activities of the company continued to be that of the provision of a database creation and update service together with direct mailing. On 30th January 1998 the company changed its name from LBM Services Limited to LBM Direct Marketing Limited.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

The directors recommend payment of an ordinary dividend amounting to £23,000.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 May 1998	1 June 1997
T M Borthwick	-	-
R A Beck	-	-

P W Beck is a shadow director of the company. T M Borthwick and R A Beck are directors of the parent company, LBM Holdings Limited, and their shareholding interests are disclosed in the parent company's accounts.

Charitable contributions

During the year the company made charitable donations of £384 (1997 : £736).

LBM Direct Marketing Limited

Directors' Report

Year ended 31 May 1998

Year 2000

The directors have considered the problem generally referred to as the 'Year 2000 problem' or the 'Millenium Bug' and are satisfied that the company's systems will be Year 2000 compliant. The potential effect of the problem with regard to customers, suppliers and other relevant parties is not expected to be material and the directors are in the process of addressing these issues to minimise the risk of any adverse effect on the operation of the business. Future costs of minimising the risk of any adverse effect have not been quantified but these are not expected to be material.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board

fb X RA Beck

date X 15.8.98

LBM Direct Marketing Limited

Auditors' Report

To the Shareholders of LBM Direct Marketing Limited

We have audited the accounts on pages 4 to 12.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moores Rowland

Chartered Accountants
Registered Auditors

Hertford

17/8/98

LBM Direct Marketing Limited

Profit and Loss Account Year ended 31 May 1998

	Notes	1998 £	1997 £
Turnover	2	1,749,519	1,293,549
Cost of sales		(274,521)	(196,495)
Gross profit		1,474,998	1,097,054
Administrative expenses		(1,183,047)	(835,884)
Other operating income		32,658	-
Operating profit	3	324,609	261,170
Investment income	4	159	-
Other interest receivable and similar income	4	1,794	1,269
Interest payable and similar charges	5	(10,732)	(8,857)
Profit on ordinary activities before taxation		315,830	253,582
Tax on profit on ordinary activities	9	(95,032)	(75,500)
Profit on ordinary activities after taxation		220,798	178,082
Dividends	10	(23,000)	(55,079)
Retained profit for the year	18	197,798	123,003

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

LBM Direct Marketing Limited

Balance Sheet As at 31 May 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	11		229,184		192,540
Investments	12		-		25,000
			<u>229,184</u>		<u>217,540</u>
Current assets					
Debtors	13	326,061		130,318	
Investments	14	174,005		89,005	
Cash at bank and in hand		23,681		65,596	
		<u>523,747</u>		<u>284,919</u>	
Creditors: amounts falling due within one year	15	(426,930)		(359,699)	
Net current assets/(liabilities)			<u>96,817</u>		<u>(74,780)</u>
Total assets less current liabilities			<u>326,001</u>		<u>142,760</u>
Creditors: amounts falling due after more than one year	16		(23,065)		(37,622)
			<u>302,936</u>		<u>105,138</u>
Capital and reserves					
Called up share capital	17		50,000		50,000
Profit and loss account	18		252,936		55,138
Shareholders' funds - equity interests	19		<u>302,936</u>		<u>105,138</u>

The accounts were approved by the Board on 15.8.98

Date

Director

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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:

Plant and machinery	20% on cost
Fixtures, fittings & equipment	33 1/3% on cost
Motor vehicles	30% on cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment 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.

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	114,864	48,500
	Operating lease rentals	34,874	10,138
	Auditors' remuneration	3,600	3,000
		<u> </u>	<u> </u>

4	Income from investments, other interest receivable and similar income	1998	1997
		£	£
	Other investment income	159	-
	Bank interest	1,794	1,269
		<u> </u>	<u> </u>
		1,953	1,269
		<u> </u>	<u> </u>

5	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	35	27
	Hire purchase interest	9,448	8,830
	On overdue tax	1,249	-
		<u> </u>	<u> </u>
		10,732	8,857
		<u> </u>	<u> </u>

6 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998	1997
	Number	Number
Selling	1	3
Administration	2	3
Operation and I.T.	37	41
	<u> </u>	<u> </u>
	40	47
	<u> </u>	<u> </u>

Employment costs

	£	£
Wages and salaries	455,503	348,856
Social security costs	39,892	29,730
Other pension costs	22,417	4,319
	<u> </u>	<u> </u>
	517,812	382,905
	<u> </u>	<u> </u>

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

7 Directors' emoluments	1998	1997
	£	£
Emoluments for qualifying services	144,443	56,254
Company pension contributions to money purchase schemes	22,417	4,319
	<u>166,860</u>	<u>60,573</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (1997 - 1).

8 Transactions with directors

During the year rent of £24,000 (1997 £12,294) was paid to Mrs R A Beck in respect of premises used by the company and owned by Mr P W Beck and £13,980 (1997 £8,050) was paid to Mr T M Borthwick in respect of premises rented by him.

During the year the loan account of R A Beck was overdrawn. The maximum overdrawn balance was £22,897. The loan was interest free and repayable on demand. The loan was fully repaid in August 1998.

9 Taxation	1998	1997
	£	£
U.K. current year taxation		
U.K. corporation tax at 24% (1997 - 31%)	95,000	75,500
Tax credits on franked investment income	32	-
	<u>95,032</u>	<u>75,500</u>

10 Dividends	1998	1997
	£	£
First ordinary interim paid	-	10,070
Second ordinary interim paid	-	45,009
Ordinary final proposed	23,000	-
	<u>23,000</u>	<u>55,079</u>

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 1997	-	116,869	115,092	231,961
Additions	65,703	99,635	3,000	168,338
Disposals	-	-	(20,400)	(20,400)
At 31 May 1998	65,703	216,504	97,692	379,899
Depreciation				
At 1 June 1997	-	27,346	12,075	39,421
On disposals	-	-	(3,570)	(3,570)
Charge for the year	13,140	72,161	29,563	114,864
At 31 May 1998	13,140	99,507	38,068	150,715
Net book value				
At 31 May 1998	52,563	116,997	59,624	229,184
At 31 May 1997	-	89,523	103,017	192,540

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 May 1998	47,683	57,524	105,207
At 31 May 1997	-	100,382	100,382
Depreciation charge for the year			
31 May 1998	11,920	28,408	40,328
31 May 1997	-	22,039	22,039

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

12 Fixed asset investments

	Listed investments £
Cost	
At 1 June 1997	25,000
Additions	5,854
Disposals	(30,854)
At 31 May 1998	-

13 Debtors

	1998 £	1997 £
Trade debtors	305,145	110,863
Other debtors	1,790	300
Prepayments and accrued income	19,126	19,155
	<u>326,061</u>	<u>130,318</u>

14 Current asset investments

	1998 £	1997 £
Listed investments	<u>174,005</u>	<u>89,005</u>

Market valuation of listed investments at 31 May 1998 - £218,353.

15 Creditors: amounts falling due within one year

	1998 £	1997 £
Net obligations under finance lease and hire purchase contracts	37,278	30,867
Trade creditors	129,437	100,528
Corporation tax	135,692	72,982
Other taxes and social security costs	92,776	57,003
Other creditors	19,147	17,939
Accruals and deferred income	12,600	80,380
	<u>426,930</u>	<u>359,699</u>

LBM Direct Marketing Limited

Notes to the Accounts Year ended 31 May 1998

16 Creditors: amounts falling due after more than one year	1998	1997
	£	£
Net obligations under finance leases and hire purchase agreements	<u>23,065</u>	<u>37,622</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	37,278	30,867
Repayable between one and five years	<u>23,065</u>	<u>37,622</u>
	60,343	68,489
Included in liabilities falling due within one year	<u>(37,278)</u>	<u>(30,867)</u>
	<u>23,065</u>	<u>37,622</u>
17 Share capital	1998	1997
	£	£
Authorised		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
18 Statement of movements on profit and loss account		
		Profit and loss account £
Balance at 1 June 1997		55,138
Retained profit for the year		<u>197,798</u>
Balance at 31 May 1998		<u>252,936</u>
19 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the financial year	220,798	178,082
Dividends	<u>(23,000)</u>	<u>(55,079)</u>
Net addition to shareholders' funds	197,798	123,003
Opening shareholders' funds	<u>105,138</u>	<u>(17,865)</u>
Closing shareholders' funds	<u>302,936</u>	<u>105,138</u>

LBM Direct Marketing Limited

Notes to the Accounts **Year ended 31 May 1998**

20 Financial commitments

At 31 May 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Between two and five years	<u>41,625</u>	<u>41,625</u>	<u>31,680</u>	<u>31,680</u>

21 Pension costs

The company contributes to certain employees' personal pensions on a defined contribution basis. Contributions are charged to the profit and loss account as they are incurred.

22 Control

The ultimate parent company is LBM Holdings Limited, a company registered in England and Wales.

23 Related party transactions

Included within 'Creditors, amounts falling due within one year' is £19,044 (1997 £44) due to T M Borthwick and £103 (1997 £103) due to R A Beck. No interest is payable on these loans.