

W. EDE AND CO. LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996



Company No. 2672031

W. EDE AND CO. LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

Company registration number:

2672031

Registered office:

SBC House
Restmor Way
Wallington
SURREY
SM6 7AH

Director:

A J Smith

Secretary:

T L Wall

Bankers:

Bank of Scotland
West End Office
St James' Gate
14 - 16 Cockspur Street
LONDON
SW1Y 5BL

The Royal Bank of Scotland
Pall Mall Branch
9 Pall Mall
LONDON
SW1Y 5LX

Auditors:

Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

W. EDE AND CO. LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

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W. EDE AND CO. LIMITED

CHAIRMAN'S STATEMENT

I am pleased to report that the year ended 31 December 1996 was another record year for W. Ede & Co. Limited.

The turnover for the year increased by 51% over the equivalent figure for 1995 to a new record of £3.7m, whilst pre-tax profits increased by 183%.

Business review

During the past year, W. Ede has continued its rapid growth as forecast in my 1995 report. Despite the increase in our volume of business we have maintained the highest possible standards of service, to both old and new clients alike.

The company has recently been awarded the title of *Commercial Mover of the Year 1997*. This prestigious award is sponsored by the British Association of Removers. Ede's also won the award in 1996 and this is the first time that the same company has won the award for two years in succession.

I am also pleased to announce that the Board has been strengthened by the appointment of Bill Tiernan as Managing Director. Bill joined the company in 1993 as Special Projects Director and has successfully handled many large relocations throughout his 20 years experience in the industry.

Premises

The company has now completed its own move to its new location. These premises are the former Britax site in Wallington, Surrey comprising 150,000 sq. feet of warehousing and offices on a 4.5 acre site. These larger premises have allowed us to expand our warehousing and storage facilities, enabling us to offer a complete relocation service to our clients, which differentiates us from our major competitors.

Major projects

A summary of some of the major projects undertaken during the year;

BP Chemicals - We moved the entire contents of BP Research and Engineering from Geneva to Sunbury. The move was carried out over a seven week period, and involved our crews being based overseas for the duration of the contract.

Our work included the packing of all sensitive instrumentation, glassware and balances as well as heavy plant and machinery, palletised stock, presses, ovens and office furniture and equipment.

Ede's was also responsible for overseeing the dismantling and reassembly of the plant, including all electrical work. This project enabled us to successfully demonstrate our full range of services, together with a major documentation exercise. To quote the clients letter of thanks, "Ede's managed to achieve a Zero Defect Handover".

Radio Communications Agency - This was a major move, carried out at very short notice, following the bomb blast at Canary Wharf. After a brief consultation, it was agreed to handle the operation in five distinct phases.

1. The "Snatch" - a rapid rescue of highly confidential papers carried out under the supervision of the Police, who were still investigating the cause of the explosion.

2. Document Recovery - A systematic exercise to recover confidential and specifically named documents, once the site had been deemed relatively safe.

W. EDE AND CO. LIMITED

CHAIRMAN'S STATEMENT

Major projects (continued)

3. IT equipment - A considerable amount of high value IT equipment, particularly the servers, had to be extracted to ensure minimum loss of information.

4. Personal items - Once the equipment necessary to get the business back into operation had been retrieved, personal goods were collected in crates and returned to staff.

5. Salvage of all Goods - The final task was clearance of all furniture and equipment from the site.

In the circumstances there needed to be a heavy emphasis placed on health and safety. To achieve safe access, Ede's had to construct an 18m long covered ramp that left the building at first floor level, spanned a service road and finally discharged approximately 2.5m above pavement level.

Wellcome Trust (Sanger Centre) - This contract involved the transfer of office and laboratory equipment to a new research centre. The delicate nature of the on-site research carried out at the premises, required our staff to be supervised by the client throughout the three month period it took to complete the project. 600 crates, 80 steel cages together with 40 bags of microfil and 60 bags of styrofil packaging were utilised during the move.

Although a special insurance policy was entered into for the project, thankfully no claims were required.

Inchcape - Ede's relocated 500 personnel within London. The client wished to move the majority of its antique and reproduction furniture, which required 10 loads to be packed to "Export Wrap Level", as per their specification.

British Shoe Corporation (BSC) - We were appointed by management representatives from the Sears Group, to relocate the finance departments of BSC and its subsidiaries, Dolcis, Freemans, Adams and Selfridges, to their new site in Leicester. We are currently completing the relocation of their IT/IS Technology Data centre. The move involved approximately 4,000 crates and 750 staff.

Future prospects

1997 will be a year of consolidation. We have won a number of long term contracts for the provision of the full range of our services including project management. We are investing in IT to enhance the quality of the end product to our clients in all areas of our business. There is an increasing demand from our client base for specialist relocation skills particularly as regards computer facilities and we believe we can genuinely meet these expectations. Our ability to provide secure storage space on our main site is seen by many clients as a major benefit.

I fully expect that the achievements of last year, together with the company's continued progress during the first quarter of 1997, will result in further growth in the coming year, with turnover approaching £5 million for calendar year 1997 and profits rising commensurately.

In conclusion my thanks go to the company's staff and professional advisers for their unwavering level of commitment and effort throughout 1996. I look forward to reporting another successful year in 1997.



A J Smith
Chairman

W. EDE AND CO. LIMITED

REPORT OF THE DIRECTOR

The director submits his report and the financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company during the year was commercial office relocation and removals and associated services.

Business review

A comprehensive review of the business is contained within the Chairman's statement on pages 1 to 2.

Results and dividends

The results of the company are set out on page 7. The director does not recommend payment of a dividend.

Director and his interest in the shares

The name of the present director of the company, who served throughout the year, is stated below.

The number of shares in the company in which the director had an interest, as defined by the Companies Act 1985, were as follows:

	Ordinary shares of £1 each	
	31 December 1996	1 January 1996
A J Smith	-	-

With effect from 1 January 1997, Bill Tiernan was appointed Managing Director of the company.

The company is the wholly owned subsidiary of Sutton Business Centre Limited.

Fixed assets

The movements in fixed assets are shown in the note 6 to the financial statements. In the opinion of the director, there is no significant difference between the present market value of the company's properties and the amount at which they are stated in the balance sheet.

W. EDE AND CO. LIMITED

REPORT OF THE DIRECTOR

Director's responsibilities of the financial statements

Company law requires the director 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 director is required to:

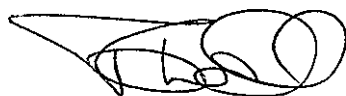
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare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

The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



T L Wall
Secretary

27 June 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

W. EDE AND CO. LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 4, the company's director is 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 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 director in the preparation of the financial statements, and 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 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 at 31 December 1996 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

27 June 1997

W. EDE AND CO. LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, except that certain freehold properties are shown at their revalued amounts. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover

Turnover represents the amount receivable for services provided, exclusive of value added tax, duty and discounts.

Depreciation

Depreciation is provided so as to write off the value of assets over their expected useful lives, and has been calculated at the following annual rates:

Freehold property	2% on cost
Leasehold property	25% on cost
Plant and machinery	25% on cost
Motor vehicles	25% on cost
Fixtures and fittings	15% reducing balance

Goodwill

Purchased goodwill is amortised on a straight line basis over its estimated useful economic life of four years as shown in note 5.

Leased assets

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

W. EDE AND CO. LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 DECEMBER 1996

	Note	1996 £	1995 £
Turnover		3,667,487	2,429,686
Cost of sales		<u>(2,843,755)</u>	<u>(1,857,863)</u>
Gross profit		823,732	571,823
Distribution costs		(182,945)	(167,379)
Administrative expenses		(443,272)	(228,682)
Other operating income		<u>14,541</u>	<u>29,695</u>
Operating profit	1	212,056	205,457
Profit on sale of fixed assets		399,867	73
Interest payable	2	<u>(199,103)</u>	<u>(59,582)</u>
Profit on ordinary activities before taxation		412,820	145,948
Taxation	4	<u>(34,000)</u>	<u>(34,305)</u>
Profit on ordinary activities after taxation and retained profit for the year		378,820	111,643
Retained profits at 1 January 1996		<u>67,884</u>	<u>(43,759)</u>
Retained profits at 31 December 1996		<u><u>446,704</u></u>	<u><u>67,884</u></u>

All transactions arise from continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1996 £	1995 £
Profit for the financial year	378,820	111,643
Unrealised surplus on revaluation of land and buildings	<u>235,373</u>	<u>-</u>
Total recognised gains and losses for the year	<u><u>614,193</u></u>	<u><u>111,643</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

W. EDE AND CO. LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Intangible assets	5		-		-
Tangible assets	6		<u>1,524,179</u>		<u>824,979</u>
			1,524,179		824,979
Current assets					
Stocks	7		-	7,000	
Debtors	8	1,553,066		589,018	
Cash in hand		<u>7,253</u>		<u>99</u>	
		1,560,319		596,117	
Creditors: amounts falling due within one year	9	<u>(1,654,784)</u>		<u>(1,013,952)</u>	
Net current liabilities			<u>(94,465)</u>		<u>(417,835)</u>
Total assets less current liabilities			1,429,714		407,144
Creditors: amounts falling due after more than one year	10		<u>(737,637)</u>		<u>(329,260)</u>
Net assets			<u>692,077</u>		<u>77,884</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Revaluation reserve	13		235,373		-
Profit and loss account	13		<u>446,704</u>		<u>67,884</u>
Shareholders' funds - equity interests	14		<u>692,077</u>		<u>77,884</u>

The financial statements were approved by the Board of Directors on 27/6/1997

A J Smith - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

W. EDE AND CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

1 TURNOVER AND OPERATING PROFIT

Turnover and operating profit are attributable to the principal activity of the company and arose wholly in the United Kingdom.

Operating profit has been arrived at after charging/(crediting):

	1996 £	1995 £
Hire of equipment	3,004	7,787
Depreciation of fixed assets:		
- owned assets	81,095	62,295
- under finance leases	58,745	62,203
Amortisation of intangible assets	-	3,363
Auditors' remuneration	7,000	4,000
(Profit)/loss on sale of fixed assets	<u>(399,867)</u>	<u>73</u>

Profit on sale of fixed assets includes a profit of £355,994 on the disposal of freehold property known as The Bakery site. Contracts were exchanged in December 1996 and a non-refundable deposit of £120,000 paid by the purchaser. Completion occurred in March 1997.

2 INTEREST PAYABLE

	1996 £	1995 £
Bank loans, overdrafts and other loans repayable after five years	179,950	43,209
Hire purchase interest	<u>19,153</u>	<u>16,373</u>
	<u>199,103</u>	<u>59,582</u>

W. EDE AND CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

3 DIRECTORS AND OTHER EMPLOYEES

	1996 Number	1995 Number
The average number of persons employed during the year, including the director was:		
Relocation and related services	72	52
Administration	<u>10</u>	<u>8</u>
	<u>82</u>	<u>60</u>

	1996 £	1995 £
The total remuneration was:		
Salaries and wages	1,030,016	641,076
Social security costs	<u>66,430</u>	<u>31,159</u>
	<u>1,096,446</u>	<u>672,235</u>

The director (also the chairman) received emoluments of £30,600 during the year (1995: £nil).

4 TAXATION

	1996 £	1995 £
Corporation tax based on profits for the year at 33% (1995: 29%)	34,000	51,672
Overprovision in previous year	<u>-</u>	<u>(17,367)</u>
	<u>34,000</u>	<u>34,305</u>

W. EDE AND CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

5 INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 January 1996 and at 31 December 1996	<u>13,450</u>
Amortisation	
At 1 January 1996 and at 31 December 1996	<u>13,450</u>
Net book value	
At 31 December 1995 and at 31 December 1996	<u>-</u>

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 January 1996	454,173	18,420	235,877	56,522	343,695	1,108,687
Additions	1,094,627	-	27,768	11,893	29,912	1,164,200
Surplus on revaluation	235,373	-	-	-	-	235,373
Disposals	<u>(454,173)</u>	<u>-</u>	<u>(199,162)</u>	<u>(19,221)</u>	<u>(15,800)</u>	<u>(688,356)</u>
At 31 December 1996	<u>1,330,000</u>	<u>18,420</u>	<u>64,483</u>	<u>49,194</u>	<u>357,807</u>	<u>1,819,904</u>
Depreciation						
At 1 January 1996	9,084	13,816	73,180	28,614	159,014	283,708
Charge for year	9,083	4,603	34,966	4,074	87,114	139,840
Disposals	<u>(18,167)</u>	<u>-</u>	<u>(87,406)</u>	<u>(10,221)</u>	<u>(12,029)</u>	<u>(127,823)</u>
At 31 December 1996	<u>-</u>	<u>18,419</u>	<u>20,740</u>	<u>22,467</u>	<u>234,099</u>	<u>295,725</u>
Net book value						
At 31 December 1996	<u>1,330,000</u>	<u>1</u>	<u>43,743</u>	<u>26,727</u>	<u>123,708</u>	<u>1,524,179</u>
at 31 December 1995	<u>445,089</u>	<u>4,604</u>	<u>162,697</u>	<u>27,908</u>	<u>184,681</u>	<u>824,979</u>

The net book value of motor vehicles includes an amount of £88,266 (1995: £155,617) in respect of assets held under finance leases and hire purchase contracts.

W. EDE AND CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

TANGIBLE FIXED ASSETS (CONTINUED)

In October 1996, freehold land and buildings known as The Britax site were valued by Messrs King Sturge at £1,330,000. The valuation was undertaken on a vacant possession basis. The surplus arising has been transferred to the revaluation reserve.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation, because, in the opinion of the director, this asset is unlikely to be disposed of in the foreseeable future.

7 STOCKS

	1996 £	1995 £
Work in progress	-	7,000

8 DEBTORS

	1996 £	1995 £
Trade debtors	751,597	559,230
Other debtors	801,469	2,191
Prepayments and accrued income	-	27,597
	<u>1,553,066</u>	<u>589,018</u>

Other debtors includes £800,000 representing the sale proceeds on the disposal of the Bakery Site (see note 1).

W. EDE AND CO. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 1996

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank loans (secured)	390,000	21,932
Bank overdrafts (secured)	576,642	48,036
Trade creditors	167,227	300,449
Amounts owed to parent undertaking	169,251	250,092
Corporation tax	85,773	59,306
Social security and other taxes	89,304	73,522
Other creditors	57,334	155,253
Accruals and deferred income	73,580	35,784
Amounts due under finance leases (note 15)	45,673	69,578
	<u>1,654,784</u>	<u>1,013,952</u>

Included within other creditors is a loan of £50,000 (1995: £nil) from Timesquare Limited, a company in which the director has a 51% equity interest. The loan attracts interest at 3% above base rate and is repayable within the next three years.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Bank loans (secured)	700,000	262,275
Obligations under finance leases (note 15)	37,637	66,985
	<u>737,637</u>	<u>329,260</u>
Bank loans are repayable by instalments:		
Between one and two years	75,000	20,734
Between two and five years	225,000	74,436
After more than five years	400,000	167,105
	<u>700,000</u>	<u>262,275</u>

The bank loan and overdraft with Bank of Scotland are secured by a first legal charge over the company's freehold property and the assignment of a life assurance policy for the director. Both the loan and overdraft bear interest at 2.25% above the bank's base rate.

W. EDE AND CO. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 1996

11 DEFERRED TAXATION

No provision of £77,500 (1995: £nil) has been made for taxation which may accrue if the freehold land and buildings were disposed of at their revalued amount (see note 6).

12 CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

13 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 1996	-	67,884
Retained profit for the year	-	378,820
Surplus on revaluation of assets	<u>235,373</u>	<u>-</u>
At 31 December 1996	<u>235,373</u>	<u>446,704</u>

14 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year after tax	378,820	111,643
Other recognised gains and losses	<u>235,373</u>	<u>-</u>
	614,193	111,643
Opening shareholders' funds at 1 January 1996	<u>77,884</u>	<u>(33,759)</u>
Closing shareholders' funds at 31 December 1996	<u>692,077</u>	<u>77,884</u>

W. EDE AND CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1996

15 FUTURE FINANCIAL COMMITMENTS

(a) Operating leases:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Annual commitments under operating leases expiring:				
Within one year	-	-	15,000	-
Between two and five years	16,500	3,004	64,400	12,553
	<u>16,500</u>	<u>16,500</u>	<u>79,400</u>	<u>12,553</u>

(b) Finance leases:

At 31 December 1996 the company had obligations under finance leases and hire purchase contracts which are set out below:

	1996 £	1995 £
Gross amount payable:		
Within one year	58,124	88,082
Within two to five years	<u>47,899</u>	<u>84,111</u>
	106,023	172,193
Deduct finance charges allocated to future periods	<u>(22,713)</u>	<u>(35,630)</u>
	<u>83,310</u>	<u>136,563</u>

16 ULTIMATE HOLDING COMPANY

At the balance sheet date, the entire issued share capital of the company was held by Sutton Business Centre Limited, a company registered in England and Wales, in which the director, Mr A J Smith, has a 100% equity interest.

17 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Sutton Business Centre Limited, the company is exempt from the requirement of FRS8 to disclose transactions with other members of the group headed by that company.

Apart from the loan of £50,000 from Timesquare Limited (note 9), there were no other related party transactions during the year.