RITCHEY TAGG LIMITED

ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 1996

COMPANY NUMBER 1058015
(ENGLAND AND WALES)

KENNETH EASBY & Co

CHARTERED ACCOUNTANTS

RITCHEY TAGG LIMITED

ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 1996

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RITCHEY TAGG LIMITED

COMPANY INFORMATION

DIRECTORS

I Maxwell Scott   Chairman
G C Rhodes
G H Fabretti
S Hall FCCA
K M Dingle

SECRETARY

S Hall FCCA

COMPANY NUMBER

1058015 (England and Wales)

REGISTERED OFFICE

Fearby Road
Masham
Ripon
North Yorkshire HG4 4ES

AUDITORS

Kenneth Easby and Company
Chartered Accountants
Oak House
Market Place
Bedale
North Yorkshire DL8 1AQ

RITCHEY TAGG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE 1996

The Directors present their report and the audited financial statements for the year ended 30th June 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period 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.

PRINCIPAL ACTIVITY

The principal activity of the Company continues to be that of the manufacture and sale of identification products together with other animal products.

REVIEW OF THE BUSINESS

TRADING PERFORMANCE

The Company has had a very disappointing year in terms of trading performance. Turnover increased by some 5.3% but the gross profit percentage achieved fell by 2.1%. This was as a result of reduced UK tag sales, following changes in government legislation, at high margin being substituted for by sales of lower margin bought in products. In addition the continuing fall in value of the pound against the New Zealand dollar and the catastrophic effects of BSE in the cattle market further reduced the profitability.

During the period however the Company has continued to develop its products and manufacturing capacity with substantial developments on both of the Company's sites. The directors now believe that the Company is better placed to take advantage of future opportunities in the UK and abroad.

FUTURE DEVELOPMENT

The Company is actively developing new products and further exploiting the sale potential of its existing products in both the UK and Worldwide.

RITCHEY TAGG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE 1996

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation amounted to £105,791. This compares with a net profit before taxation in the year to 30th June 1995 of £263,389. Due to the poor performance in a difficult market the Company has not paid an interim dividend (1995 5p per share) and does not propose to pay a final dividend (1995 8.8p per share).

DIRECTORS

The Directors who served during the year and their beneficial interests in the Company's issued share capital were:

	£1 Ordinary Shares	
	1996	1995
I Maxwell Scott Esq	12,000	12,000
G C Rhodes Esq	70,200	70,200
G H Fabretti Esq	32,356	32,356
S Hall Esq	16,178	16,178
K M Dingle	750	750

FIXED ASSETS

During the year the Company extended its manufacturing and warehousing capacity with the construction on time and within budget of a 5300 sq ft factory extension.

The movements in fixed assets are set out in note 10 to the financial statements.

AUDITORS

The Auditors, Messrs Kenneth Easby and Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 6th September 1996 and signed on its behalf.

S HALL F.C.C.A

AUDITORS' REPORT TO THE SHAREHOLDERS OF RITCHEY TAGG LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 6 to 18 together with the financial statements of Ritchey Tagg Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1996.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the Company's entitlement to the exemptions claimed in the Directors' statement on page 7 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the Company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the Company is entitled under sections 246, 247 and 249 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 30th June 1996 and the abbreviated accounts on pages 6 to 18 have been properly prepared in accordance with that Schedule.

Other Information

On 6th September 1996 we reported as Auditors of Ritchey Tagg Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1996 and our audit report was as follows:-

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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.

RITCHEY TAGG LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF RITCHEY TAGG LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 CONT'D

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 consider 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 30th June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Oak House
Market Place
Bedale
North Yorkshire

Kenneth Easby & Co

KENNETH EASBY & CO
Registered Auditor
Chartered Accountants

Date: 6th September 1996

RITCHEY TAGG LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 1996

	Notes	1996 £	1995 £
Operating Profit	3	142,184	302,195
Interest Receivable		1,481	482
Interest Payable	6	(37,874)	(39,288)
Profit on Ordinary Activities before Taxation		105,791	263,389
Tax on Profit on Ordinary Activities	7	(22,922)	(65,215)
Profit on Ordinary Activities after Taxation		82,869	198,174
Dividends	8	(-)	(58,779)
Retained Profit for the year	9	82,869	139,395

Movements on reserves are set out in note 9.

There were no recognised gains or losses for 1996 or 1995 other than those included in the profit and Loss Account.

The notes on pages 9 to 18 form part of these financial statements.

RITCHEY TAGG LIMITED

BALANCE SHEET AS AT 30th JUNE 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	10		699,720		499,369
Investments	11		-		-
CURRENT ASSETS					
Stocks	12	665,673		502,576	
Debtors	13	622,919		600,169	
Cash at Bank and in Hand		13,609		105,046	
		1,302,201		1,207,791	
CREDITORS					
Amounts falling due within one year	14	(602,473)		(399,262)	
NET CURRENT ASSETS			699,728		808,529
TOTAL ASSETS LESS CURRENT LIABILITIES			1,399,448		1,307,898
CREDITORS					
Amounts falling due after more than one year	15		(148,737)		(143,256)
PROVISION FOR LIABILITIES AND CHARGES					
Deferred Tax	16		(3,200)		-
NET ASSETS			1,247,511		1,164,642
CAPITAL AND RESERVES					
Called Up Share Capital	17		458,563		458,563
Share Premium Account	18		327,274		327,274
Profit and Loss Account			461,674		378,805
SHAREHOLDERS' FUNDS	19		1,247,511		1,164,642

In preparing these abbreviated accounts the Directors have taken advantage of the exemptions conferred by Section B of Part III of the Companies Act 1985, and have done so on the grounds that, in their opinion, the Company is entitled to the exemptions as a medium sized Company.
Signed on behalf of the board of Directors

G C Rhodes
Director

G H Fabretti
Director

Dated 6th September 1996

The notes on pages 9 to 18 form part of these financial statements.

RITCHEY TAGG LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 1996

	Notes	1996 £	1996 £	1995 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24a		75,463		281,148
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest Received		1,481		482	
Interest Paid		(37,874)		(39,288)	
Dividends Paid		(-)		(58,779)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(36,393)		(97,585)
TAXATION					
Corporation Tax Paid (including ACT)			(51,127)		(46,918)
INVESTING ACTIVITIES					
Payment to Acquire Tangible Fixed Assets		(303,923)		(103,159)	
Receipts from Sales of Tangible Fixed Assets		10,790		16,950	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(293,133)		(86,209)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(305,190)		50,436
FINANCING					
Loan Repayments	24d	(5,355)		(8,776)	
Issue of Ordinary Share Capital including premium		-		377,304	
			(5,355)		368,528
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	24c		(310,545)		418,964

The notes on pages 9 to 18 form part of these financial statements

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1996

1. ACCOUNTING POLICIES

1.1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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, all of which are continuing.

1.2) TURNOVER

Turnover represents the amounts invoiced, excluding Value Added Tax for goods supplied and services provided to customers.

1.3) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

On all other fixed assets depreciation is provided under the reducing balance method to write down the cost over their estimated useful lives.

The following rates apply:-

Motor Vehicles (High Mileage)	33%
Motor Vehicles (Low Mileage)	25%
Plant and Equipment	25%
Office Furniture and Equipment	25%

1.4) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes an appropriate proportion of manufacturing overheads.

1.5) LEASED ASSETS

Assets obtained under finance leases and hire purchase agreements are included in fixed assets at their original market value and depreciated over their useful economic lives in accordance with the depreciation policies set out above. The corresponding liability being allocated to creditors falling due within, and after, more than one year in accordance with the payment terms of the agreements.

Rentals applicable to operating leases are charged to the Profit and Loss Account as incurred.

1.6) FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.7) DEFERRED TAXATION

Deferred tax is provided for liabilities that will probably crystallise in the future, using the liability method. The provision for deferred tax has been made at 24%.

1.8) PENSIONS

The Company operates a defined contribution pension scheme and the pension charge represents the amount paid by the Company to the fund during the year.

1.9) GOODWILL

Purchased Goodwill is eliminated in the year of acquisition against reserves.

2. TURNOVER

Turnover by geographical market as analysed below:-

	1996 £(000s)	1995 £(000s)
United Kingdom	3,014	2,970
Europe	477	348
Americas	15	45
Australasia	18	19
Rest of the World	95	53
	3,619	3,435

3. OPERATING PROFIT

The Operating Profit is stated after charging:-

	1996 £	1995 £
Directors Remuneration: Fees	-	-
: Other Emoluments	158,739	127,353
Pension Contributions in respect of Directors	27,768	24,341
Auditors Remuneration	6,500	6,500
Depreciation Tangible Fixed Assets owned by the Company	92,032	82,628
Loss/(Profit) on Sale of Fixed Assets	750	(362)
Operating Lease Rentals	6,768	6,500

4. STAFF COSTS

The average weekly number of persons (including Directors) employed by the Company during the year were as follows:-

	1996	1995
	No	No
Production	25	24
Selling and Administration	33	30
	58	54

The aggregate remuneration paid to these persons was:-	1996	1995
	£	£
Wages and Salaries	683,345	636,226
Social Security	60,473	51,246
Other Pension Contributions	43,672	31,505
	787,490	718,977

No employees other than Directors received remuneration in excess of £30,000 (1995 None).

5. DIRECTORS REMUNERATION

The remuneration of the Chairman and highest paid Director (excluding pension contributions) were as follows:-

	1996	1995
	£	£
Chairman	6,306	3,507
Highest Paid Director	53,269	48,506

The remuneration of the other Director(s) fell within the following bands:-

	1996	1995
£10,000 - £15,000	-	1
£25,000 - £30,000	1	1
£30,000 - £35,000	1	-
£35,000 - £40,000	-	1
£40,000 - £45,000	1	-

6. INTEREST PAYABLE

	1996	1995
	£	£
On secured loans and overdrafts		
repayable within one year	8,320	12,234
repayable in more than five years	11,376	11,363
Other Bank charges and commissions	15,572	14,816
Hire Purchase interest and finance lease charges	2,606	875
	37,874	39,288

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1996

7. TAXATION

Taxation on ordinary activities comprises:-

	1996	1995
	£	£
UK Corporation Tax at 25%/24% (1995 25%)	19,800	65,900
Over provision for prior years	(78)	(685)
	19,722	65,215
Transfer to Deferred Tax	3,200	-
	22,922	65,215

8. DIVIDENDS

	1996	1995
	£	£
Ordinary Shares		
No interim or final dividends were paid or are proposed		
Interim (1995 5p)	-	18,426
Final (1995 8.8p)	-	40,353
	-	58,779

9. MOVEMENTS ON RESERVES

	1996	1995
	£	£
Retained Profit for the year	82,869	139,395
Retained Profit brought forward	378,805	239,410
Retained Profit carried forward	461,674	378,805

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1996

10. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Motor Vehicles	Plant & Equipment	Office Furniture & Equipment	Total
	£	£	£	£	£
COST					
As at 1.7.95	369,368	172,475	345,890	146,021	1,033,754
Additions	122,877	71,703	99,598	9,745	303,923
Disposals	-	(34,646)	(2,500)	-	(37,146)
As at 30.6.96	492,245	209,532	442,988	155,766	1,300,531
DEPRECIATION					
As at 1.7.95	144,368	68,955	224,105	96,957	534,385
Charge for the Year	-	39,913	38,899	13,220	92,032
Disposals	-	(24,285)	(1,321)	-	(25,606)
As at 30.6.96	144,368	84,583	261,683	110,177	600,811
NET BOOK VALUE					
As at 30.6.96	347,877	124,949	181,305	45,589	699,720
As at 1.7.95	225,000	103,520	121,785	49,064	499,369

Included in the above are the following amounts in respect of assets acquired under hire purchase contracts and finance leases.

	Hire Purchase (Motor Cars)	Hire Purchase (Forklift)	Finance Leases (Computer)
	£	£	£
Net Book Value at 1st July 1995	15,613	2,005	5,678
Additions	45,125	-	-
Depreciation Charge for Year	(7,888)	(501)	(1,420)
Net Book Value at 30th June 1996	52,850	1,504	4,258

11. FIXED ASSET INVESTMENTS

The Company owns 100% of the issued ordinary share capital of Ritchey Europe Limited, a Company registered in England. This subsidiary ceased trading on 1st July 1986 and has remained dormant thereafter.

The Company also owns 100% of the issued ordinary share capital of Allbrooks Products Limited, a Company also registered in England. This company was incorporated on 22nd July 1994 and has remained dormant thereafter.

12. STOCKS

	1996	1995
	£	£
Raw Materials and Consumables	31,674	24,734
Finished Goods and Goods for Resale	633,999	477,842
	665,673	502,576

13. DEBTORS

	1996	1995
	£	£
Trade Debtors	603,230	577,003
Other Debtors	4,291	1,035
Prepayments and Accrued Income	15,398	22,131
	622,919	600,169

14. CREDITORS: Amounts falling due within one year

	1996	1995
	£	£
Commercial Mortgage	3,221	3,120
Rural Development Loan	2,437	2,250
Bank Overdrafts	219,108	-
Trade Creditors	244,337	206,143
Other Creditors including Taxation and Social Security	85,895	142,402
Accrued Charges	47,475	45,347
	602,473	399,262

The Bank Overdrafts are secured by a debenture over the Company's assets.

Other creditors including taxation and social security comprise the following amounts:-

	1996	1995
	£	£
UK Corporation Tax	19,800	51,205
Other Tax and Social Security including VAT	43,802	85,197
Hire Purchase Commitments and Finance Lease Obligations	22,293	6,000
	85,895	142,402

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1996

15. CREDITORS: Amounts falling due after more than one year

	1996	1995
	£	£
Commercial Mortgage	75,078	78,282
Rural Development Loan	56,035	58,474
Hire Purchase Commitments and Finance Lease Obligations	17,624	6,500
	148,737	143,256

The Commercial Mortgage and Rural Development Loan are repayable as follows:-

	Commercial Mortgage	Rural Development Loan
	£	£
Within one year	3,221	2,437
Between one and two years	3,321	2,639
Between two and five years	10,563	9,303
Over five Years	61,193	44,093

The Company pays interest at the rate of 1.75% per annum above the Issuing Banks Fluctuating Base Rate on the outstanding mortgage balance. The Company pays interest at the rate of 7.99% per annum (fixed) on the Rural Development Loan.

The Rural Development Loan and Commercial Mortgage are secured by a charge over the factory and land situated at Fearby Road, Masham.

16. DEFERRED TAX

	1996	1995
	£	£
Balance at 1st July 1995	-	-
Charge for the Year	3,200	-
Balance at 30th June 1996	3,200	-

The provision for deferred tax is made up of accelerated capital allowances.

17. CALLED UP SHARE CAPITAL

The share capital of the Company at 30th June 1996 is as follows:-

	1996		1995	
Authorised	No.	£	No	£
Ordinary Shares of £1 each	560,000	560,000	560,000	560,000

	1996		1995	
Allotted, Called Up and Fully Paid	No.	£	No	£
Ordinary Shares of £1 each	458,563	458,563	458,563	458,563

18. SHARE PREMIUM ACCOUNT

	1996	1995
	£	£
At 1st July 1995	327,274	-
Premium on conversion of Redeemable Convertible Preference Shares	-	40,020
Premium on issue of Ordinary Shares following private placement	-	306,170
Less: Professional Fees - Private placement	-	(18,916)
At 30th June 1996	327,274	327,274

19. MOVEMENT IN SHAREHOLDERS FUNDS

	1996	1995
	£	£
Profit for the Year	82,869	198,174
Less: Dividends	-	(58,779)
Shares subscribed for in the Year - net of professional fees	-	377,304
Shareholders' funds brought forward	1,164,642	647,943
Shareholders's funds carried forward	1,247,511	1,164,642

20. LEASING COMMITMENTS

	1996	1995
Leases expiring	£	£
Within one year	-	6,400
Within two to five years	30,750	-
Thereafter	-	-
	30,750	6,400

The leasing commitments relate to the future annual rents payable by the company under non cancellable operating leases.

These primarily relate to rents payable on land and buildings.

21. PENSION COMMITMENTS

The Company contributes to a pension scheme for certain Directors and members of staff. Payments under this scheme are detailed in Note 4 to the financial statements.

22. CONTINGENT LIABILITIES

As at the Balance Sheet date there were no contingent liabilities or losses which have not been accrued in the financial statements.

23. EVENTS SINCE THE BALANCE SHEET DATE

The financial statements incorporate adjustments for all events which have taken place since the Balance Sheet date which materially affect the Company's financial position as at that date.

24. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of Operating Profit to Net Cash Inflow from operating Activities

	1996 £	1995 £
Operating Profit	142,184	302,195
Depreciation Charge	92,032	82,628
Loss/(Profit) on Sale of Fixed Assets	750	(362)
(Increase) in Stocks	(163,097)	(15,760)
(Increase) in Debtors	(22,750)	(160,413)
Increase in Creditors	26,344	72,860
Net Cash Inflow from Operating Activities	75,463	281,148

b) Analysis of Changes in Cash and Cash Equivalents during the Year

	1996 £	1995 £
Balance at 30th June 1995	105,046	(313,918)
Net Cash (Outflow)/Inflow	(310,545)	418,964
Balance at 30th June 1996	(205,499)	105,046

c) Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	1996 £	1995 £	Change in Year £
Cash at Bank and in Hand	13,609	105,046	(91,437)
Bank Overdrafts	(219,108)	-	(219,108)
	(205,499)	105,046	(310,545)

	1995 £	1994 £	Change in Year £
Cash at Bank and In Hand	105,046	(19,596)	85,450
Bank Overdrafts	-	333,514	333,514
	105,046	313,918	418,964

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1996

24. NOTES TO THE CASH FLOW STATEMENT cont'd

d) Analysis of Changes in Financing During the Year

	1996 £	1995 £	Cash Inflow/ (Outflow) from Financing £
Share Capital (including premium)	785,837	785,837	-
Bank and Rural Development Loan	136,771	142,126	(5,355)
	922,608	927,963	(5,355)

	1995 £	1994 £	Cash Inflow/ (Outflow) from Financing £
Share Capital	785,837	408,533	377,304
Bank and Rural Development Loan	142,126	150,902	(8,776)
	927,963	559,435	368,528