CCN GROUP LIMITED

(Registration No. London 653331)

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 1996

DIRECTORS REPORT

The directors present their report and the audited accounts for the year ended 31 March 1996.

DIRECTORS

The directors holding office during the year were as follows:

Mr E M Barnes - Chairman
Mr J Peace
Mr J N Saunders
Mr D S Bird
Mr R M Aubrook
Mr R J Webber
Mrs J L Barber
Mr I M Stewart (appointed 3 April 1995)

On 1 April 1996 Mr D R Coates and Mr J D Erskine (Australian) were appointed directors.

ACTIVITIES

The company provides bureau and information services for consumer credit control, business information, direct marketing and credit card management.

In addition to the company's interests in overseas investments (see note 12), the company has branch operations in France, Italy, Spain and South Africa.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Both the level of business and the year end financial position were satisfactory and the directors expect that the level of activity will again be increased during the present year. Details of events subsequent to the balance sheet date are set out in note 23 to the accounts.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4. The directors propose a final dividend of £6,800,000 (1995: £6,240,000 plus a special interim dividend of £12,928,000 paid on 31 March 1995).

DIRECTORS' INTERESTS

At 31 March 1996, the directors had no interests in the shares of the company or any of its fellow subsidiary undertakings. The directors' interests in the shares of the ultimate parent undertaking are as follows:

	1 April 1995	**31 March 1996**
R J Webber	Nil	786 ordinary 25p shares
E M Barnes	Interest is disclosed in that company's directors' report	

There were no contracts of significance subsisting during or at the end of the financial year in which a director of the company was materially interested.

CHARITABLE DONATIONS

During the year the company made donations to United Kingdom charitable organisations amounting to £5,908 (1995: £2,427).

DIRECTORS' REPORT (continued)

PAYMENT OF SUPPLIERS

It is the policy of the company to pay for the supply of goods and services to ensure that all payments in general are made in accordance with it's standard terms and conditions of purchase when agreeing the terms of each transaction and, where appropriate, other contractual and legal obligations.

EMPLOYMENT OF DISABLED PERSONS

The company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training and promotion and the retention of employees who become disabled, having regard to the requirements and demands of employment opportunities which are available.

EMPLOYEE INVOLVEMENT

It has been the established practice of the company for many years by way of a formal corporate communications programme, together with staff meetings on a broader scale, to disclose to staff at all levels information on matters of concern to them as employees.

These activities are also an essential requirement of management in achieving a common awareness by all employees of the financial and economic factors affecting the performance of the company and will, as a matter of policy, continue to be so.

ENVIRONMENT

During the year the company continued to improve and develop environmental practice including among other things matters such as introducing energy saving lighting and the use of recycled products in respect of the purchase of stationery and other office equipment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Registered office:

Talbot House, Talbot Street, Nottingham, NG1 5HF

By order of the Board
GA Young

GA Young

Secretary

24 June 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF CCN GROUP LIMITED

We have audited the financial statements set out on pages 4 to 15.

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 affairs of the company at 31 March 1996 and of the profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers and Lybrand
Chartered Accountants and Registered Auditors
Nottingham

24 June 1996

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £'000	1995 £'000
TURNOVER - Continuing operations	2	94,507	77,884
Cost of sales		(62,168)	(50,048)
GROSS PROFIT		32,339	27,836
Distribution costs		(6,926)	(5,428)
Administrative expenses		(6,474)	(4,874)
OPERATING PROFIT - Continuing operations		18,939	17,534
Exceptional profit on disposal of operation	3	300	-
Investment income	4	2,143	1,658
Interest payable	5	(568)	(539)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	**20,814**	**18,653**
Taxation	9	(7,215)	(6,173)
PROFIT FOR THE FINANCIAL YEAR		13,599	12,480
Equity dividends	10	(6,800)	(19,168)
RETAINED PROFIT/(LOSS) FOR THE YEAR	20	**6,799**	**(6,688)**

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

The company has no recognised gains and losses other than the profits above and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalent.

BALANCE SHEET AS AT 31 MARCH 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible fixed assets	11	16,023	14,311
Investments	12	1,967	1,966
		17,990	16,277
CURRENT ASSETS			
Stocks and Work in Progress	13	1,901	1,895
Debtors : amounts falling due within one year	14	41,940	32,535
Debtors : amounts falling due after one year	15	1,547	1,111
Cash at bank and in hand		4,113	4,260
		49,501	39,801
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(31,181)	(27,719)
Net current assets		18,320	12,082
TOTAL ASSETS LESS CURRENT LIABILITIES		36,310	28,359
Creditors: amounts falling due after one year	17	(9,001)	(7,849)
NET ASSETS		**27,309**	**20,510**
CAPITAL AND RESERVES			
Called up share capital	19	490	490
Share premium account	20	320	320
Capital redemption reserve	20	5	5
Profit and loss account	20	26,494	19,695
EQUITY SHAREHOLDERS' FUNDS		**27,309**	**20,510**

The financial statements on pages 4 to 15 were approved by the Board of Directors on 24 June 1996 and were signed on its behalf by:-

J Peace

J Peace **Director**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

1 The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which are summarised below, have been consistently applied.

a) Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting. As permitted by Section 228(1) of the Companies Act 1985, group accounts have not been included in these financial statements.

b) Cash Flow Statement

The company is a wholly owned subsidiary of The Great Universal Stores Plc and the cash flows of the company are included in the consolidated cash flow statement of The Great Universal Stores Plc, consequently the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing a cash flow statement.

c) Tangible Fixed Assets

Fixed assets are shown at cost.
Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and machinery	-	20% to $33^1/_3$% per annum
Fixtures and fittings	-	10% to 20% per annum
Leased assets	-	over the period of the lease

d) Leased Assets

Fixed assets held under finance leases are capitalised. The finance charges are allocated using the actuarial method over the primary period of the lease at a constant rate of interest on the capital element outstanding.

e) Investments

Investments in group companies are valued at cost less any provisions necessary for permanent diminution in value.

f) Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

g) Deferred Taxation

Provision is made for deferred taxation on all timing differences. Deferred taxation assets, relating to the provision of employee pensions and post retirement benefits, are recognised where there is a reasonable probability that such assets will be realised in the foreseeable future.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

h) Turnover

Turnover comprises the value of services (excluding value added tax) performed in the normal course of business.

i) Pension Costs and Post Retirement Benefits

The company provides pension benefits to eligible employees through membership of a pension plan operated by its parent company. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds. The cost of providing retirement benefits, which is based on pension costs across the group as a whole, is charged to profit and loss account over the expected period of employment in accordance with recommendations made by qualified actuaries.

The cost of providing other post retirement benefits for pensioners is recognised on a basis similar to that adopted for pensions.

j) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading and exchange differences arising on the translation of foreign currency balances are dealt with in the profit and loss account.

2 TURNOVER

An analysis of turnover by geographical market and the analysis of turnover and profit before taxation by class of business has not been given.

3 EXCEPTIONAL ITEM

On 26 March 1996 the company sold it's Debt Collection operation. This did not represent a material business segment and its disposal is not significant to either the turnover or the profit of the company. A profit of £300,000 was realised on the disposal of the operation.

4 INVESTMENT INCOME

	1996 £'000	1995 £'000
Interest receivable	1,088	1,658
Dividends receivable from group companies	1,055	-
	2,143	1,658

5 INTEREST PAYABLE

	1996 £'000	1995 £'000
On finance leases	566	538
Other interest	2	1
	568	539

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1996 £'000	1995 £'000
Depreciation charge for the year:		
- tangible owned fixed assets	2,299	1,228
- tangible fixed assets held under finance leases	3,134	2,949
Auditors' remuneration - Audit fee	27	33
Auditors' remuneration - Other UK fees	22	23
Staff costs (see note 7)	38,241	31,304
Operating leases:		
- property	1,176	715
- plant & equipment	1,817	1,490

7 STAFF COSTS AND EMPLOYEES

Particulars of employees (including executive directors) are as shown below:

Staff costs during the year:

	1996 Full time £'000	1996 Part time £'000	1995 Full time £'000	1995 Part time £'000
Wages and salaries	33,428	827	27,422	731
Social security costs	3,147	35	2,617	28
Other pension costs	804	-	506	-
	37,379	862	30,545	759

The average weekly number of persons employed by the company during the year was as follows:

	1996 Number employed		1995 Number employed	
	Full time	Part time	Full time	Part time
Production	1,328	160	1,196	149
Distribution/sales	172	-	132	-
Administrative	40	-	34	-
	1,540	160	1,362	149

Certain full time employees have been reclassified as part time employees and the 1995 staff costs and numbers employed have been restated accordingly.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

8 DIRECTORS REMUNERATION

Aggregate emoluments (excluding pension contributions) of the company's directors were:

	1996 £'000	1995 £'000
Management remuneration	1,050	806
Emoluments (excluding pension contributions) of the Chairman	179	141
Emoluments (excluding pension contributions) of the highest paid director	179	141

The number of directors (including the chairman and highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£90,001–£95,000	1	1
£100,001–£105,000	-	2
£105,001–£110,000	1	-
£110,001–£115,000	1	-
£115,001–£120,000	1	2
£130,001–£135,000	-	1
£135,001–£140,000	1	-
£140,001–£145,000	-	1
£145,001–£150,000	1	-
£150,001–£155,000	1	-
£175,001–£180,000	1	-

9 TAXATION

	1996 £'000	1995 £'000
UK Corporation tax at 33% (1995: 33%)		
Current	7,114	6,123
Deferred	(433)	197
Under/(Over) provision in prior years:		
Current	165	5
Deferred	(10)	(152)
Overseas tax	379	-
	7,215	6,173

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

10 EQUITY DIVIDENDS

	1996 £'000	1995 £'000
Ordinary:		
Special interim dividend paid	-	12,928
Final - proposed	6,800	6,240
	6,800	19,168

11 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Leased assets £'000	Total £'000
COST				
At 1 April 1995	4,250	5,962	26,050	36,262
Additions	1,659	1,916	3,690	7,265
Disposals	-	-	(1,194)	(1,194)
Exchange adjustments	-	1	-	1
At 31 March 1996	5,909	7,879	28,546	42,334
DEPRECIATION				
At 1 April 1995	903	3,263	17,785	21,951
Charge for the year	1,490	809	3,134	5,433
Disposals	-	-	(1,073)	(1,073)
At 31 March 1996	2,393	4,072	19,846	26,311
NET BOOK VALUE				
At 31 March 1996	3,516	3,807	8,700	16,023
At 31 March 1995	3,347	2,699	8,265	14,311

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

12 FIXED ASSET INVESTMENTS

	Subsidiary undertaking	Associated undertaking	Other unquoted investment	Total investments
	£'000	£'000	£'000	£'000
Shares at cost:				
At 1 April 1995	1,938	27	1	1,966
Additions	-	1	-	1
At 31 March 1996	1,938	28	1	1,967

The principal subsidiary undertakings, whose activities , except where indicated, are the same as the company, are as follows:

Directly held:

CCN Asia Pacific Pty incorporated and registered in Australia, 100% owned.

CCN Group BV incorporated and registered in the Netherlands, 100% owned (investment holding company).

CCN Finance NV incorporated and registered in the Dutch Antilles, 100% owned (finance company).

Conet Corporate Communications Network GmbH incorporated and registered in Germany, 100% owned.

CCN South Africa Pty incorporated and registered in South Africa, 70% owned.

Indirectly held:

CCN Datacom BV incorporated and registered in the Netherlands, 100% owned.

CCN Marketing Systemen BV incorporated and registered in the Netherlands, 100% owned.

The principal associated undertakings are as follows:

Directly held:

CCN MOSAIC Iberia SA incorporated and registered in Spain, 50% owned.

Indirectly held:

CCN Verwaltungs GmbH incorporated and registered in Germany, 50% owned (general partner).

CCN Deutschland GmbH & Co KG incorporated and registered in Germany, 50% owned.

CCN Card Finanz GmbH incorporated and registered in Germany, 50% owned.

13 STOCKS AND WORK IN PROGRESS

	1996 £'000	1995 £'000
Raw materials and consumables	22	129
Work in Progress	1,879	1,766
	1,901	1,895

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

14 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Trade debtors	17,463	13,365
Due from ultimate parent undertaking	15,908	13,848
Due from subsidiary undertakings	1,529	528
Due from fellow subsidiary undertakings	535	410
Due from associated undertakings	209	343
Prepayments and accrued income	6,296	4,041
	41,940	32,535

15 DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1996 £'000	1995 £'000
Due from associated undertakings	553	560
Deferred Taxation (see note 18)	994	551
	1,547	1,111

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Trade creditors	4,362	4,766
Due to subsidiary undertakings	1	8
Due to fellow subsidiary undertakings	536	235
Corporation tax	7,240	6,204
Other taxation and social security	3,947	2,449
Proposed dividend	6,800	6,240
Accruals and deferred income	5,362	5,112
Obligations under finance leases	2,933	2,705
	31,181	27,719

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1996 £'000	1995 £'000
Obligations under finance leases due between 2 and 5 years	4,843	4,469
Obligations under finance leases due after more than 5 years	36	78
Accrual for pension obligations	3,875	3,071
Accrual for post retirement benefits	247	231
	9,001	7,849

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

18 PROVISIONS FOR LIABILITIES/(ASSETS) AND CHARGES

	Deferred Taxation 1996 £'000
At 1 April 1995	(551)
Profit and loss account:	
Current year	(433)
Prior years	(10)
At 31 March 1996	(994)

The deferred taxation asset and the amount unprovided are analysed as follows:

	1996 Liability /(asset) provided £'000	1996 Liability /(asset) unprovided £'000	1995 Liability /(asset) provided £'000	1995 Liability /(asset) unprovided £'000
Accelerated capital allowances	363	-	497	-
Other	(1,357)	-	(1,048)	-
	(994)	-	(551)	-

19 CALLED UP SHARE CAPITAL

	1996	1995
Authorised		
505,000 ordinary shares of £1 each	£505,000	£505,000
Allotted, called up and fully paid		
489,850 ordinary shares of £1 each	£489,850	£489,850

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

20 RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 April 1995	320	5	19,695
Retained profit for the year	-	-	6,799
At 31 March 1996	320	5	26,494

21 MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Profit for the financial year	13,599	12,480
Dividends	(6,800)	(19,168)
	6,799	(6,688)
New share capital issued	-	320
Capital distribution	-	(923)
Net addition/(reduction) in shareholders' funds	6,799	(7,291)
Opening shareholders' funds	20,510	27,801
Closing shareholders' funds	27,309	20,510

22 FINANCIAL COMMITMENTS

a) Capital commitments

	1996 £'000	1995 £'000
Contracted but not provided for	11	170

b) Lease commitments

The company had annual commitments under non cancellable operating leases as follows:

	1996 Land & Buildings £'000	1996 Plant & Equipment £'000	1995 Land & Buildings £'000	1995 Plant & Equipment £'000
Expiring within one year	928	2,250	770	1,870
Expiring within two to five years inclusive	723	-	316	-
Expiring in over five years	-	-	-	-
	1,651	2,250	1,086	1,870

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996 (continued)

22 FINANCIAL COMMITMENTS (continued)

c) Pension and post retirement benefit commitments

The company provides pension benefits to eligible employees through membership of a pension plan operated by its ultimate parent undertaking The Great Universal Stores Plc. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

The total pension cost was £804,000 (1995: £506,000) and this is based on pension costs across the group as a whole. The pension cost is assessed in accordance with the advice of a qualified actuary and the results of the latest valuation are reported in the accounts of The Great Universal Stores Plc.

In accordance with UITF Abstract 6, the company provides for obligations to pensioners for post retirement health care on a basis similar to that adopted for pension obligations. The actuarial value of the obligation has been determined in accordance with the advice of qualified actuaries and the total cost charged in the year was £16,000 (1995 : £nil). The principal assumption, used in determining the required provision, is that medical cost inflation would be 10% per annum for five years and 7% for the longer term.

23 POST BALANCE SHEET EVENTS

On 30 April 1996 the company entered into a joint venture agreement with AA Developments Limited to provide motor vehicle information to motor finance and insurance companies, motor dealerships and consumers. The venture will be financed equally by the two joint venture partners. The company will provide initial capital of up to £1,350,000.

Since the year end the company has continued to invest in new ventures around the world and has paid or committed approximately £0.9 million to one such business venture up to the date of signing these financial statements.

24 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is The Great Universal Stores PLC, which is registered in England and Wales. Copies of that company's consolidated financial statements may be obtained from the Secretary, The Great Universal Stores PLC, Universal House, Devonshire Street, Manchester, M60 1XA.