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GOLD GROUP INTERNATIONAL LIMITED

856011

GOLD GROUP INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999



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COMPANY NUMBER 0856011

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CHAIRMEN'S STATEMENT

We are pleased to report a profit before tax of £5.9m (1998 £8.2m). Reported profit before tax was below expectation due to a write-off of goodwill of £1.5m on the acquisition of the *Shed Group*, which incorporates *Gold Air International Limited*. An unusually high cost of developing our computer systems of £1.1m was also incurred in the year, which has enabled the group to become more technologically advanced with the expectation of improved efficiency. Underlying profitability, excluding these factors, increased to £8.5m and we expect reported profit before tax in the forthcoming year to increase substantially and exceed £10.0m for the first time.

On 31 March 2000 we completed the acquisition of 33 *Knickerbox* stores which, added to our 26 *Ann Summers* stores, enhances our position as a substantial high street retailer. The *Knickerbox* brand will be developed alongside *Ann Summers* with anticipated substantial benefits to both companies.

The *Ann Summers* brand continues to be our major area of growth with turnover rising by 43.6% in the retail operation and by 21.2% in Party Plan. The retail business now consists of 26 stores after openings in Newcastle, Blackpool, Dundee, Plymouth, Coventry, Dublin, Stoke, Norwich and Wolverhampton. As part of our international franchise expansion, an *Ann Summers* store in Sydney, Australia was opened, and we expect worldwide retail turnover to exceed £11m in the year ending 30 June 2000.

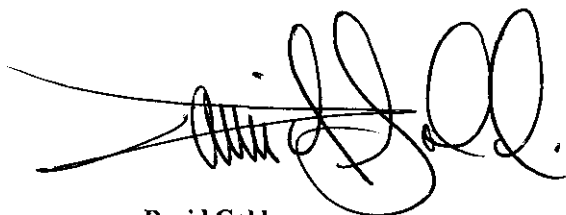
Sales generated from our recently updated *Ann Summers* website have grown by 160% over the previous year and are expected to grow by a further 170% this year, exceeding £1m for the first time. We anticipate that our E-Commerce capabilities will contribute an increasing proportion of group turnover over the coming years.

It has been an exciting and progressive period for *Gold Air International Limited*, our premier Executive Air Charter Company with significant achievements in sales volume. The air charter business was incorporated into the group on 31 March 2000, and a number of strategic changes have been implemented which will see the fleet updated with newer jet aircraft providing major immediate and long term benefits. 1999 saw the arrival of a fully refurbished Hawker 800, which has contributed significantly to the company's image and profitability. Orders were confirmed for three new Learjet 45's which we anticipate to become operational in early 2001, and new aircraft management contracts were entered into, further enhancing the fleet.

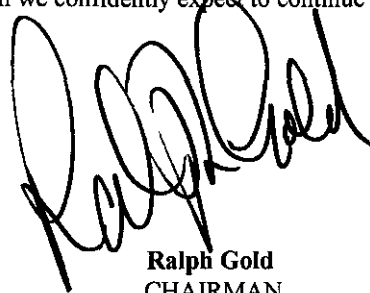
A new group subsidiary, *Gold Air International (Ireland) Limited* commenced operations in March 2000 and will add extra aircraft and revenue possibilities from April 2000. We now have activities based in Dublin, Cambridge and Biggin Hill.

We have continued with our investment programme in *Broglia Press (86) Limited*, our commercial sheet fed printing company, with an expansion into conventional and Internet Web design to meet the needs of the evolving industry in electronic and digital media.

We are also pleased to report that with the acquisition of *Knickerbox*, we now employ over 1,100 people through our group of companies. This is indicative of our progression over recent years which we confidently expect to continue into the new millennium.



David Gold
CHAIRMAN



Ralph Gold
CHAIRMAN

OFFICERS AND PROFESSIONAL ADVISORS***Directors***

R Gold
D Gold
P Harold
J Gold

Secretary

D Gold (resigned 6.5.99)
P D Harold (appointed 6.5.99)

Registered office

Gadoline House
2 Godstone Road
Whyteleafe
Surrey
CR3 0EA

Auditors

MRI Moores Rowland
Mitre House
177 Regent Street
London W1R 8BB

Bankers

National Westminster Bank
PO Box 4QQ
19 Shaftesbury Avenue
London W1A 4QQ

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1999**

1. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the group are those of magazine distribution, direct selling, retailing and property investment. The profit and loss account of the group for the year is set out on page 7.

A review of the business of the group and its development during the financial period is set out on page 1.

2. DIRECTORS

The directors who held office during the year and their respective interests in the shares of the company were as follows:-

<i>Director</i>	<i>Class of Share</i>	<i>Number Held</i>	
		<i>30.6.1999</i>	<i>30.6.1998</i>
Ralph Gold	Ordinary	44,743	183
David Gold	Ordinary	44,743	183
David Gold and Ralph Gold	Ordinary	246	-
Patrick Harold	-	-	-
Jacqueline Gold	-	-	-

Jacqueline Gold is a beneficiary of a trust which holds 10,268 ordinary shares in the company. Two of the trustees of that trust are Ralph Gold and David Gold. P R Lewis, a partner at MRI Moores Rowland, is also a trustee of the trust.

On 21 July 1998 the authorised share capital of the company was increased to £100,000. For more details on this and a subsequent bonus issue, see Note 17 to the financial statements.

3. DIVIDENDS

The directors recommend that no dividends be paid to the shareholders as they take the view that such a distribution would be prejudicial to the current requirements of the company's business and the maintenance and development of that business.

4. YEAR 2000

The company has not so far encountered any problems relating to the year 2000 issue. As part of the company's year 2000 action plan which included reviewing the company's business operations and its relationship with customers, suppliers and other relevant bodies, all key dates were considered and the board believes that it is unlikely that the company will encounter any problems. However, due to the complexity of the problem it is not possible for any organisation to guarantee that no problems will occur. The total costs of the year 2000 compliance work undertaken by the company are not deemed to be material, and no further costs are anticipated.

5. CHARITABLE DONATIONS

Group companies made charitable donations of £33,414 (1998 : £6,397) during the year.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1999- continued

6. EMPLOYEES

- (a) The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

- (b) Methods of providing employees with information about the group and encouraging suggestions and views on the group's performance are under constant consideration.

7. POST BALANCE SHEET EVENTS

On 1 July 1999, Gold Group International Limited purchased a further 20% of the Share Capital of Shed Group Limited from David and Ralph Gold, the joint shareholders of that company. Gold Group International Limited now owns a 95% share in Shed Group Limited.

On 14 March 2000, Gold Group International Limited purchased land at Caterham, Surrey for £2.6m. This land is to be developed as a new group headquarters over the next 18 months.

On 31 March 2000, Gold Group International Limited paid £550,000 for the trade of Knickerbox Limited, a company previously in receivership.

On 6 August 1999 the sole aircraft owned by Shed One Limited, a 100% subsidiary of the company, was sold for US\$ 1,090,000.

On 29 July 1999 Shed Five Limited, an 80% subsidiary of the company, took delivery of a Hawker 800B aircraft, the total purchase cost of which amounted to US\$ 7,500,240.

8. AUDITORS

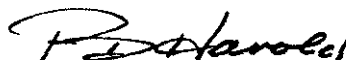
A resolution proposing that MRI Moores Rowland be re-appointed as auditors of the company will be put to the members at the forthcoming Annual General Meeting.

Gadoline House
2 Godstone Road
Whyteleafe
Surrey
CR3 0EA

BY ORDER OF THE BOARD

P HAROLD

SECRETARY



Date: 17 April 2000

STATEMENT OF 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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS
TO THE MEMBERS OF GOLD GROUP INTERNATIONAL LIMITED**

We have audited the financial statements on pages 7 to 34 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the 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 group'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 and of the group at 30 June 1999 and of the profits and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland

MRI Moores Rowland

Chartered Accountants
Registered Auditors

Date: 17 April 2000

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999**

	Notes	Acquisitions 1999 £ '000	Continuing 1999 £ '000	Total 1999 £ '000	Continuing 1998 £ '000
TURNOVER	2	586	56,908	57,494	54,200
Cost of sales		(449)	(31,353)	(31,802)	(31,762)
GROSS PROFIT		137	25,555	25,692	22,438
Distribution costs		-	(13,718)	(13,718)	(11,458)
Administrative expenses		(261)	(11,586)	(11,847)	(9,062)
Write-off of goodwill		-	(1,458)	(1,458)	-
		(124)	(1,207)	(1,331)	1,918
Other operating income	3	-	6,746	6,746	5,702
Operating (loss)/profit		(124)	5,539	5,415	7,620
Other interest receivable and similar income		3	646	649	749
Interest payable and similar charges	4	(8)	(162)	(170)	(121)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(129)	6,023	5,894	8,248
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8			(2,338)	(2,225)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18			3,556	6,023
MINORITY INTEREST	18			(126)	(173)
RETAINED PROFIT FOR THE YEAR				3,430	5,850

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 1999

	Notes	1999	1998
		£ '000	£ '000
FIXED ASSETS			
Tangible assets	9(a)	27,370	23,904
Investments	10	1,424	1,490
		<u>28,794</u>	<u>25,394</u>
CURRENT ASSETS			
Investments	11	3,098	2,618
Stocks	12	9,853	8,588
Debtors	13	11,146	12,023
Cash at bank and in hand		4,966	5,413
		<u>29,063</u>	<u>28,642</u>
CREDITORS: Amounts falling due within one year	14(a)	<u>(15,871)</u>	<u>(14,606)</u>
NET CURRENT ASSETS		<u>13,192</u>	<u>14,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>41,986</u>	<u>39,430</u>
CREDITORS: Amounts falling due after more than one year	14(b)	<u>(1,153)</u>	<u>(1,641)</u>
		<u>40,833</u>	<u>37,789</u>
Minority interest	16	699	329
		<u>41,532</u>	<u>38,118</u>
CAPITAL AND RESERVES			
Called up share capital	17	100	1
Share premium account	18	1,500	1,500
Revaluation reserve	18	7,747	7,765
Reserve arising on consolidation	18	2,010	2,010
Profit and loss account	18	30,175	26,842
Equity Shareholders' Funds		<u>41,532</u>	<u>38,118</u>

The financial statements were approved by the board of directors and signed on its behalf by:

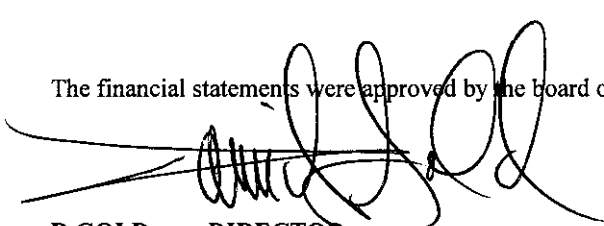

D GOLD **DIRECTOR**

Date: 17 April 2000

BALANCE SHEET - COMPANY
AT 30 JUNE 1999

	Notes	1999		1998	
		£ '000	£ '000	£ '000	£ '000
FIXED ASSETS					
Tangible assets	9(b)		19,246		18,608
Investments	10		7,087		7,207
			<u>26,333</u>		<u>25,815</u>
CURRENT ASSETS					
Investments	11	3,098		2,618	
Debtors	13	10,429		5,973	
Cash at bank and in hand		9,734		9,453	
		<u>23,261</u>		<u>18,044</u>	
CREDITORS: Amounts falling due within one year	14	(16,025)		(15,511)	
NET CURRENT ASSETS			<u>7,236</u>		<u>2,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,569</u>		<u>28,348</u>
CAPITAL AND RESERVES					
Called up share capital	17		100		1
Share premium account	19		1,500		1,500
Revaluation reserve	19		7,747		7,765
Profit and loss account	19		24,222		19,082
Equity Shareholders' Funds			<u>33,569</u>		<u>28,348</u>

The financial statements were approved by the board of directors and signed on its behalf by:


D GOLD **DIRECTOR**

Date: 17 April 2000

**STATEMENT OF TOTAL CONSOLIDATED RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1999**

	1999	1998
	£	£
	'000	'000
Retained profit for the financial year	3,430	5,850
Foreign exchange differences	2	26
Revaluation of freehold properties	-	(537)
Revaluation of investment properties	(67)	-
	<hr/>	<hr/>
Total recognised gains	3,365	5,339
	<hr/>	<hr/>

NOTE OF HISTORICAL PROFITS AND LOSSES

There would be no material difference between the group's profit on ordinary activities before tax and retained profit for the year as stated and that calculated on a purely historical cost basis.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 1999**

All equity:

	1999 £ '000	1998 £ '000
Retained profit for the financial year	3,430	5,850
Exchange differences on foreign currency net investments	2	26
Release of revaluation reserve on disposal	49	-
Revaluation of freehold properties	-	(537)
Revaluation of investment properties	(67)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	3,414	5,339
Opening shareholders' funds	38,118	32,779
	<hr/>	<hr/>
Closing shareholders' funds	41,532	38,118
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**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**

	Notes	1999 £ '000	1998 £ '000
<i>Net cashflow from operating activities</i>	26(a)	6,330	4,602
<i>Returns on investments and servicing of finance</i>	26(b)	477	629
<i>Taxation</i>	26(vi)	(2,450)	(2,019)
<i>Capital expenditure and financial investment</i>	26(b)	(3,410)	(2,578)
<i>Acquisitions and disposals</i>	26(b)	(372)	-
<i>Cash inflow before management of liquid resources and financing</i>		575	634
<i>Management of liquid resources</i>	26(b)	(480)	(2,150)
<i>Financing</i>	26(b)	(529)	(478)
<i>(Decrease) in cash in the period</i>	26(c)	(434)	(1,994)

	Notes	1999 £ '000	1998 £ '000
<i>Reconciliation of net cashflow to movement in net funds (note III)</i>			
<i>(Decrease) in cash in the period</i>		(434)	(1,994)
<i>Cashflow from increase in liquid resources</i>	26(c)	480	2,150
<i>Cash inflow from increase in debt and lease financing</i>	26(c)	529	478
<i>Change in net funds resulting from cashflows</i>		575	634
<i>New finance leases</i>	26(c)	-	(2,176)
<i>Finance leases acquired on acquisition</i>	26(c)	(43)	-
<i>Currency movements</i>		(13)	-
<i>Movement in net funds in the period</i>		519	(1,542)
<i>Net funds at 1 July 1998</i>	26(c)	5,833	7,375
<i>Net funds at 30 June 1999</i>	26(c)	6,352	5,833

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**

1. ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements conform to generally accepted accounting principles applied in the United Kingdom.

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention as modified for the revaluation of land and buildings and in accordance with applicable accounting standards.

(b) Basis of consolidation

These consolidated financial statements incorporate the results of Gold Group International Limited and its subsidiary undertakings for the year ended 30 June 1999.

(c) Goodwill

Goodwill represents the difference between the cost of acquisitions and the fair value of the separable net assets acquired. Goodwill is amortised through the profit and loss account over the directors' estimate of its useful life.

(d) Investment properties

Certain of the group's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:-

- (i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve. Where the revaluation results in a value that is less than the original cost and is considered to be permanent, the deficit is recognised in the profit and loss account for the year.
- (ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation on investment properties, is necessary in order for the accounts to give a true and fair view. The current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

(e) Tangible fixed assets

Depreciation is provided at the following rates, which are considered adequate to write off the assets over their estimated useful lives.

Short leasehold land and buildings	Over life of lease
Plant and machinery	15%-25% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line
Aircraft	10% straight line

other land and buildings are not depreciated.

No depreciation is provided on freehold property or property on leases with more than twenty years to run at the balance sheet date. It is the group's practice to maintain these assets in a continual state of sound repair and to make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition) are so high, that their depreciation is insignificant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued**

1. ACCOUNTING POLICIES - continued

(f) Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value. Work in progress and finished goods are valued at cost of materials and, where appropriate, of direct labour and production of overheads. Cost of stock is determined on a first-in, first-out basis. Net realisable value is estimated selling price less, where applicable, costs to completion and those incurred in selling and distribution.

(g) Turnover

Turnover comprises the total value, exclusive of value added tax, of goods sold and services rendered, less returns and discounts, after eliminating inter-group transactions. All turnover is derived from continuing activities.

(h) Other operating income

Other operating income is recognised at the date of invoice.

(i) Deferred taxation

Deferred taxation has been provided, at the rate of 30%, only where a liability for the payment of such taxation is expected to arise in the foreseeable future. The full potential liability and the amount provided in the financial statements are shown in note 15.

(j) Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All translation differences are taken to the profit and loss account.

Group

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the re-translation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

(k) Pension costs

The companies in the group operate money purchase pension arrangements. Pension contributions are paid to separate administered funds. Contributions to these funds are charged to the profit and loss account as and when they fall due.

(l) Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations are charged to the profit and loss account over the period of the leases and hire purchase contracts, and represent a constant proportion of the balance of capital repayment outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the terms of the lease.

(m) Corresponding amounts

In certain cases the directors have re-analysed corresponding amounts in order to make their disclosure more meaningful.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

2. TURNOVER

	GROUP	
	1999	1998
	£	£
	'000	'000
Turnover comprises:		
Wholesale	42,724	45,516
Retail	8,572	7,672
Rental income	597	1,012
Property sales	4,592	-
Services	423	-
Aviation	586	-
	<hr/>	<hr/>
	57,494	54,200
	<hr/>	<hr/>
Geographical Areas:		
Europe	57,494	54,200
	<hr/>	<hr/>

3. OTHER OPERATING INCOME

	GROUP	
	1999	1998
	£	£
	'000	'000
Management fees	4,500	4,000
Profit on sale of current asset investments	861	143
Rents and service charges	437	534
Catalogue sales and promotions	230	243
Legal dispute	200	-
UK dividends received	70	125
VAT recovered	-	343
Profit on sale of tangible fixed assets	-	104
Other	448	210
	<hr/>	<hr/>
	6,746	5,702
	<hr/>	<hr/>

4. INTEREST PAYABLE

	GROUP	
	1999	1998
	£	£
	'000	'000
Hire purchase and finance leases	170	121
	<hr/>	<hr/>

5. PROFIT ON ORDINARY ACTIVITIES

	GROUP	
	1999	1998
	£	£
	'000	'000
This is stated after charging/(crediting):		
Depreciation	2,317	1,620
Auditors remuneration	74	67
- for audit services	45	40
- for other services	316	292
Directors' remuneration	152	168
Hire of equipment	99	(97)
Loss/(profit) on sale of fixed assets	-	(26)
(Profit) on foreign exchange	-	(26)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

6. EMPLOYEE INFORMATION

	GROUP	
	1999	1998
	No.	No.
The average number of persons (including directors) employed during the year were:		
Production	209	58
Distribution	384	380
Administration	286	282
	<hr/>	<hr/>
	879	720
	<hr/>	<hr/>

	GROUP	
	1999	1998
	£	£
	'000	'000
The aggregate payroll costs of these persons were:		
Wages and salaries	11,691	9,352
Social security costs	1,032	829
Other pension costs	87	122
	<hr/>	<hr/>
	12,810	10,303
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

7. DIRECTORS EMOLUMENTS

GROUP

	1999	1998
	£	£
	'000	'000
Emoluments	303	283
Pension contributions	13	9
	<hr/>	<hr/>
	316	292
	<hr/>	<hr/>

Directors' emoluments disclosed in accordance with the Companies Act 1985 and excluding pension contributions, are as follows:

	1999	1998
	£	£
	'000	'000
Remuneration of highest paid director		
- Emoluments	84	82
- Pension contributions	3	-
	<hr/>	<hr/>
	87	82
	<hr/>	<hr/>

Four directors had benefits accruing under defined contribution pension schemes.

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
	'000	'000
U.K. corporation tax at 31%	2,308	2,427
(Over) provision in earlier years	(9)	(202)
Tax credit on UK dividends received	39	-
	<hr/>	<hr/>
	2,338	2,225
	<hr/>	<hr/>

The current year tax charge has increased as a proportion of the profit before tax, due to the effects of permanent disallowable items.

The comparative over provision in respect of earlier years reflects the utilisation of group relief and the release of provisions for items that have now been resolved.

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

9. TANGIBLE FIXED ASSETS

(a) The Group	Land and buildings	Furniture, fixtures & equipment	Motor vehicles	Aircraft	Plant and machinery	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or valuation						
At 30 June 1998	18,602	3,623	2,311	-	3,549	28,085
Additions	1,956	1,263	1,595	-	132	4,946
Assets acquired on acquisition	-	148	204	2,374	123	2,849
Disposals	(1,398)	(441)	(637)	-	(630)	(3,106)
At 30 June 1999	19,160	4,593	3,473	2,374	3,174	32,774
Depreciation						
At 30 June 1998	164	2,095	525	-	1,397	4,181
Assets acquired on acquisition	-	84	105	62	175	426
Charge for year	6	882	877	35	517	2,317
Eliminated on disposals	(14)	(397)	(493)	-	(616)	(1,520)
At 30 June 1999	156	2,664	1,014	97	1,473	5,404
Net book value						
At 30 June 1999	19,004	1,929	2,459	2,277	1,701	27,370
At 30 June 1998	18,438	1,528	1,786	-	2,152	23,904

- (i) Included in the above are assets held under finance leases and hire purchase contracts with a net book value of £1,907,933 (1998: £2,466,151). The depreciation charged for the year on these assets amounted to £586,757 (1998: £366,225).
- (ii) Land and buildings consists predominantly of freehold properties.
- (iii) The properties were revalued on 30 June 1998 by the directors on an open market value basis.
- (iv) The directors' estimate of the historical cost of land and buildings which have been revalued in prior years is £11 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

9. TANGIBLE FIXED ASSETS - continued

(b) *The Company*

	<i>Land & buildings</i>	<i>Furniture, fixtures & equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£ '000	£ '000	£ '000	£ '000
<i>Cost or valuation</i>				
At 30 June 1998	18,590	53	107	18,750
Additions	1,956	19	168	2,143
Disposals	(1,398)	-	(10)	(1,408)
Group transfers	-	-	(15)	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	19,148	72	250	19,470
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 30 June 1998	80	5	57	142
Charge for year	6	16	56	78
Disposals	(14)	-	(9)	(23)
Group transfers	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	72	21	131	224
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 1999	19,076	51	119	19,246
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	18,510	48	50	18,608
	<hr/>	<hr/>	<hr/>	<hr/>

- (i) The properties were revalued on 30 June 1998 by the directors on an open market value basis.
- (ii) The directors' estimate of the historical cost of land and buildings which have been revalued in prior years is £11 million.
- (iii) Land and buildings consists predominantly of freehold properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

10. INVESTMENTS

(a) <i>Investments are analysed as:</i>	Group		Company	
	1999 £ '000	1998 £ '000	1999 £ '000	1998 £ '000
<i>Cost or valuation</i>				
Freehold investment properties	1,182	1,248	1,182	1,248
Loans to subsidiary undertakings	-	-	3,439	3,643
Investments in subsidiary undertakings	-	-	2,224	2,074
Joint venture advance	242	242	242	242
	<hr/>	<hr/>	<hr/>	<hr/>
	1,424	1,490	7,087	7,207
	<hr/>	<hr/>	<hr/>	<hr/>

The investment properties were revalued on 30 June 1999 by the directors on an open market value basis.

(b) <i>Analysis of movements:</i>	Company	
	<i>Investments in subsidiary undertakings</i> £ '000	<i>Loans to subsidiary undertakings</i> £ '000
<i>Cost or valuation</i>		
Balance at 30 June 1998	2,074	3,643
Additions	150	-
Reduction in loan	-	(204)
	<hr/>	<hr/>
Balance at 30 June 1999	2,224	3,439
	<hr/>	<hr/>

The addition of £150,000 above represents the purchase by Gold Group International Limited on 31 March 1999 of a 75% share of Shed Group Limited and its subsidiaries (see note 26 II). The principal activity of this group is that of the ownership and provision of charter services of executive aircraft.

The directors have included the investment in the acquired Shed Group in the company's balance sheet at cost and are of the opinion that this cost is not materially different from its fair value at the date of acquisition. The directors have not identified any adjustments to be made to the book value of assets acquired.

The retained loss of the acquired Shed Group for the 15 month period to the date of acquisition was £1,512,681. Included within this retained loss is a write off of goodwill of £754,560 generated on the acquisition by Shed Group Limited in June 1998 of an 80% share in Widehawk Aviation Limited, an air charter company based in Cambridge.

The equivalent retained loss of these companies for their first trading periods from incorporation to 31 December 1997 amounted to £163,801.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

10. INVESTMENTS - continued

(c)	<i>Subsidiary undertakings: Parent company only</i>	1999	1998
		£ '000	£ '000
	<i>Net book value</i>		
	At 30 June 1999 and 30 June 1998	2,224	2,074

Details of the investments in principal subsidiary undertakings are as follows:-

<i>Company Name</i>	<i>Country of Registration</i>	<i>Effective Proportion Held</i>	<i>Nature of Business</i>
Lydcare Limited	England & Wales	100%	Retail
Gold Star Publications Limited	England & Wales	100%	Publishers & Wholesalers
Petbridge Limited	England & Wales	100%	Distribution
Ann Summers Ltd	England & Wales	100%	Clothing Distribution
*1 Ann Summers (Ireland) Limited	Republic of Ireland	100%	Clothing Distribution
Ann Summers (Ireland) Retail Ltd	Republic of Ireland	100%	Retail
Broglia Press 86 Limited	England & Wales	100%	Printing
*1 Greenwich House Properties Ltd	England & Wales	67%	Property Development
Solarnet Media Limited	England & Wales	100%	Provision of telephone services
A S Lingerie Limited	England & Wales	100%	Clothing Manufacturer
Goldstar Security Solutions Limited	England & Wales	50%	Security
Shed Group Limited	England & Wales	75%	Subsidiary Holding Company
*2 Gold Air International Limited	England & Wales	60%	Executive Air Charter
*2 Shed One Limited	England & Wales	75%	Aircraft Investment
*2 Shed Two Limited	England & Wales	75%	Aircraft Investment
*2 Shed Three Limited	England & Wales	75%	Aircraft Investment
*2 Shed Four Limited	England & Wales	75%	Aircraft Investment
*2 Shed Five Limited	England & Wales	60%	Aircraft Investment
*1	Held through subsidiary undertaking Ann Summers Ltd		
*2	Held through subsidiary undertaking Shed Group Limited		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

11. CURRENT INVESTMENTS

	GROUP AND COMPANY		
	<i>Listed</i>	<i>Other</i>	<i>Total</i>
	<i>investments</i>	<i>investments</i>	
	£	£	£
Cost	'000	'000	'000
At 30 June 1998	2,100	518	2,618
Additions	19,668	-	19,668
Disposals	(19,188)	-	(19,188)
At 30 June 1999	2,580	518	3,098

Listed investments have been valued at cost. The market value of listed investments at 30 June 1999 was £3,282,625 (1998: £2,249,700).

12. STOCKS

	GROUP	
	1999	1998
	£	£
	'000	'000
Raw materials	202	70
Work in progress	100	53
Finished goods	4,572	3,077
Development property	4,979	5,388
	9,853	8,588

13. DEBTORS

Amounts falling due within one year:

	GROUP		COMPANY	
	1999	1998	1999	1998
	£	£	£	£
	'000	'000	'000	'000
Trade debtors	6,144	5,693	155	177
Amounts owed by subsidiary undertakings	-	-	9,550	2,759
Other debtors	4,199	5,568	586	2,824
Prepayments and accrued income	803	762	138	213
	11,146	12,023	10,429	5,973

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

14. CREDITORS

(a) Amounts falling due within one year:

	GROUP		COMPANY	
	1999	1998	1999	1998
	£	£	£	£
	'000	'000	'000	'000
Trade creditors	6,172	7,039	-	33
Amount owed to subsidiary undertakings	-	-	13,400	12,701
Obligations under finance leases and hire purchase contracts (see note 14(c))	559	557	-	-
Other creditors	3,196	2,257	280	375
Corporation tax	2,335	2,447	2,065	1,924
Other taxation and social security	1,176	725	26	186
Accruals and deferred income	2,433	1,581	254	292
	15,871	14,606	16,025	15,511

Obligations under finance leases and hire purchase contracts are secured on the underlying assets.

(b) Amounts falling due after more than one year:

	GROUP		COMPANY	
	1999	1998	1999	1998
	£	£	£	£
	'000	'000	'000	'000
Obligations under finance leases and hire purchase contracts (see note 14(c))	1,153	1,641	-	-

(c) Obligations under finance leases and hire purchase contracts

	GROUP		COMPANY	
	1999	1998	1999	1998
	£	£	£	£
	'000	'000	'000	'000
Payable within one year	559	557	-	-
Payable between 2 and 5 years	1,153	1,641	-	-
	1,712	2,198	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

15. DEFERRED TAXATION

The amounts provided, and the full potential liability for deferred taxation calculated on the liability method are set out below. No provision has been made for a potential tax liability which may arise if land and buildings which have been revalued were disposed of at book value.

	1999		1998	
	Amount provided £ '000	Full potential liability £ '000	Amount provided £ '000	Full potential liability £ '000
<i>The Company and the Group</i>				
Taxation on valuation surplus	-	432	-	492

16. MINORITY INTERESTS

All minority interests shown in the balance sheet and profit and loss account are attributable to equity interests.

17. SHARE CAPITAL

	Authorised		Issued and fully paid	
	1999 £	1998 £	1999 £	1998 £
<i>Equity</i>				
Ordinary shares of £1 each	100,000	1,000	100,000	409

On 21 July 1998 the authorised share capital of the company was increased to 100,000 ordinary shares of £1 each. In addition, the issued share capital was increased by £99,591 by way of appropriation of reserves. This is represented by a bonus issue that took place on 21 July 1998 whereby each respective shareholder received 243.5 £1 ordinary shares for every £1 ordinary share in issue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

18. RESERVES - GROUP

	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Reserve arising on consolidation</i>	<i>Profit and loss account</i>	<i>Total</i>
	£ '000	£ '000	£ '000	£ '000	£ '000
At 30 June 1998	1,500	7,765	2,010	26,842	38,117
Change in minority interest	-	-	-	(126)	(126)
Exchange differences on re-translation of oversea subsidiary undertakings	-	-	-	2	2
Release of revaluation reserve on disposal	-	49	-	-	49
Revaluation of investment properties	-	(67)	-	-	(67)
Appropriation on issue of shares	-	-	-	(99)	(99)
Retained profit for the year	-	-	-	3,556	3,556
At 30 June 1999	1,500	7,747	2,010	30,175	41,432

At 30 June 1999 cumulative goodwill of £2,027,629 (1998: £569,211) on the acquisition of subsidiaries has been written off to reserves.

19. RESERVES - COMPANY

	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£ '000	£ '000	£ '000	£ '000
At 30 June 1998	1,500	7,765	19,082	28,347
Retained profit for the year	-	-	5,239	5,239
Release of revaluation reserve on disposal	-	49	-	49
Revaluation of investment properties	-	(67)	-	(67)
Appropriation on issue of shares	-	-	(99)	(99)
At 30 June 1999	1,500	7,747	24,222	33,469

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

20. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:-

<i>Group</i>	<i>Land and buildings 1999 £ '000</i>	<i>Land and buildings 1998 £ '000</i>	<i>Other 1999 £ '000</i>	<i>Other 1998 £ '000</i>
Operating leases which expire:				
Within one year	38	-	-	24
Within two to five years	105	39	-	-
Over five years	1,090	877	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,233	916	-	24
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Company</i>	<i>Land and buildings 1999 £ '000</i>	<i>Land and buildings 1998 £ '000</i>	<i>Other 1999 £ '000</i>	<i>Other 1998 £ '000</i>
Operating leases which expire:				
Within one year	32	-	-	24
Within two to five years	105	32	-	-
Over five years	455	560	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	592	592	-	24
	<hr/>	<hr/>	<hr/>	<hr/>

21. ULTIMATE CONTROLLING PARTIES

The ultimate controlling parties of Gold Group International Limited are considered to be David Gold and Ralph Gold by virtue of their majority shareholding in the company.

22a. TRANSACTIONS WITH DIRECTORS

On 1 January 1999 Gold Group International Limited sold one of its freehold properties for £281,195 to Ralph Gold, a director of the company on an arms' length basis. At 30 June 1999 this full amount was included in other debtors of the company and of the group and was repaid in full during March 2000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999 - continued

22b. RELATED PARTY TRANSACTIONS

During the year subsidiary undertakings of Gold Group International Limited entered into the following transactions with other companies in which David Gold and Ralph Gold, the ultimate controlling parties of Gold Group International Limited, have interests in the form of shares. These transactions were undertaken on what were considered normal commercial terms.

£
'000

Sales of goods and services by Gold Group International Limited to -

Sport Newspapers Limited	4,500
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23. CONTINGENT LIABILITIES

The company has given a cross guarantee to secure the banking arrangements of the group. At the balance sheet date the group's indebtedness to its bankers was £ nil (1998: £ nil).

24. POST BALANCE SHEET EVENTS

On 1 July 1999, Gold Group International Limited purchased a further 20% of the share capital of Shed Group Limited from David and Ralph Gold, the joint shareholders of that company. Gold Group International Limited now own a 95% share in Shed Group Limited.

On 14 March 2000, Gold Group International Limited purchased land at Caterham, Surrey for £2.6m. This land is to be developed as a new group headquarters over the next 18 months.

On 31 March 2000, Gold Group International Limited paid £550,000 for the trade of Knickerbox Limited, a company previously in receivership.

On 6 August 1999 the sole aircraft owned by Shed One Limited, a 100% subsidiary of the company, was sold for US\$ 1,090,000.

On 29 July 1999 Shed Five Limited, an 80% subsidiary of the company, took delivery of a Hawker 800B aircraft, the total purchase cost of which amounted to US\$ 7,500,240.

25. PROFIT OF THE PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of the financial statements. The profit of the company for the year after taxation amounted to £5,238,629 (1998 : £4,543,336).

26. NOTES TO THE CASHFLOW STATEMENT

	Notes	1999 £ '000	1998 £ '000
(a) Net cashflow from operating activities			
Operating profit		5,415	7,620
Depreciation of tangible fixed assets	26(I)	2,317	1,620
Goodwill written off		1,458	-
Loss/(profit) on sale of tangible fixed assets		99	(97)
(Increase) in stocks	26(IV)	(1,228)	(2,236)
Decrease in trade debtors	26(V)	274	2,858
(Increase) in other debtors	26(V)	(2,815)	(1,939)
Decrease/(increase) in prepayments and accrued income	26(V)	25	(260)
(Decrease) in trade creditors	26(VI)	(1,241)	(3,047)
Increase in other creditors	26(VI)	902	525
Increase/(decrease) in other taxation and social security	26(VI)	451	(559)
Increase in accruals	26(VI)	673	91
Currency movements		-	26
Net cashflow from operating activities		6,330	4,602
(b) Analysis of cashflows for headings netted in the cashflow statement			
Returns on investment and servicing of finance			
Interest received	26(V)	647	750
Interest element of finance lease rentals	26(VI)	(170)	(121)
Net cash inflow for returns on investments and servicing of finance		477	629
Capital expenditure and financial investment			
Purchase of tangible fixed assets	26(I)	(4,946)	(3,356)
Sale of tangible fixed assets	26(I)	1,536	778
Net cash outflow for capital expenditure		(3,410)	(2,578)
Acquisitions and disposals			
Purchase of subsidiary undertakings	26(II)	(150)	-
Net overdrafts acquired with subsidiaries	26(II)	(222)	-
Net cash outflow for acquisitions and disposals		(372)	-
Management of liquid resources			
Purchase of current asset investments	26(III)	(19,668)	(2,618)
Sale of current asset investments	26(III)	19,188	-
Cash placed on short-term deposit		-	468
Net cash outflow from management of liquid resources		(480)	(2,150)
Financing			
Principal payment under finance lease	26(VI)	(529)	(478)
Net cash outflow from financing		(529)	(478)

26. NOTES TO THE CASHFLOW STATEMENT (continued)

(c) Analysis of net funds

	30 June 1998	Cashflow	Other non-cash changes	30 June 1999
	£ '000	£ '000	£ '000	£ '000
<i>Net cash:</i>				
Cash at bank and in hand	5,413	(434)	(13)	4,966
Less: deposits treated as liquid resources	-	-	-	-
	5,413	(434)	(13)	4,966
<i>Liquid resources:</i>				
Deposits including cash	-	-	-	-
Current asset investments	2,618	480	-	3,098
<i>Debt:</i>				
Finance leases	(2,198)	529	(43)	(1,712)
Net funds	5,833	575	(56)	6,352
<i>Analysed in balance sheet</i>				
Current asset investments	2,618			3,098
Cash at bank and in hand	5,413			4,966
Finance leases:				
Within one year	(557)			(559)
Within 2-5 years	(1,641)			(1,153)
	5,833			6,352

26. NOTES TO THE CASHFLOW STATEMENT (continued)

I.	Analysis of tangible fixed assets	1999
		£
		'000
	Net book value at 30 June 1998	23,904
	Additions	4,946
	Assets acquired on acquisition	2,849
	Depreciation on acquired assets	(426)
	Net book value of disposals	(1,586)
	Depreciation for the year	(2,317)
	Net book value at 30 June 1999	27,370
	Additions as above	4,946
	Cash paid	4,946
	Net book value of disposals	1,586
	Realised on sale	49
	(Loss) arising on sale	(99)
	Proceeds of sale	1,536
II.	Purchase of subsidiary undertakings	
	<u>Net assets acquired</u>	
	Tangible fixed assets	2,423
	Stocks	37
	Trade debtors	725
	Other debtors	(4,186)
	Prepayments	66
	Cash at bank and in hand	4
	Bank overdrafts	(226)
	Trade creditors	(374)
	Finance leases	(43)
	Other creditors	(37)
	Accruals	(179)
	Minority shareholders' interests	482
	Goodwill	(1,308)
		1,458
		150
	<u>Satisfied by</u>	
	Cash	150
III.	Investments	
	Investments at 30 June 1999	3,098
	Investments at 30 June 1998	2,618
		480
	Represented by:-	
	Cash paid to acquire investments	19,668
	Cash received from sale of investments	19,188
		480

26. NOTES TO THE CASHFLOW STATEMENT (continued)

IV. Stocks	1999	
	£	
	'000	
At 30 June 1999	9,853	
Less acquired on acquisition	(37)	
At 30 June 1998	8,588	
	<hr/>	
Net increase included in reconciliation	1,228	
	<hr/>	
V. Analysis of debtors	1999	
	£	1998
	'000	£
		'000
Trade debtors	6,144	5,693
Other debtors	4,199	5,568
Prepayments and accrued income	803	762
	<hr/>	<hr/>
	11,146	12,023
	<hr/>	<hr/>
<i>Trade debtors</i>		
Trade debtors at 30 June 1999	6,144	
Less acquired on acquisition	(725)	
Trade debtors at 30 June 1998	5,693	
	<hr/>	
Net decrease included in reconciliation	274	
	<hr/>	

26. *NOTES TO THE CASHFLOW STATEMENT (continued)**Other debtors*

Included in other debtors is interest receivable of £6,000 and £4,000 for 1999 and 1998 respectively.

	1999 £ '000	1999 £ '000
At 30 June 1999	4,199	
Less interest receivable	(6)	
Less acquired on acquisition	4,186	
		8,379
At 30 June 1998	5,568	
Less interest receivable	(4)	
		5,564
Net increase included in reconciliation		2,815
<i>Prepayments and accrued income</i>		
At 30 June 1999		803
Less acquired on acquisition		(66)
At 30 June 1998		762
Net decrease included in reconciliation		25
<i>Interest received</i>		
Receivable at 30 June 1998		4
Investment income per profit and loss account		649
Receivable at 30 June 1999		(6)
Interest received during the year		647
	1999 £ '000	1998 £ '000
<i>VI. Analysis of creditors</i>		
Trade creditors	6,172	7,039
Obligations under finance leases	559	557
Other creditors	3,196	2,257
Corporation tax	2,335	2,447
Other taxation and social security	1,176	725
Accruals and deferred income	2,433	1,581
	15,871	14,606
<i>Trade creditors</i>		
At 30 June 1999	6,172	
Less acquired on acquisition	(374)	
At 30 June 1998	7,039	
Net decrease included in reconciliation	1,241	

26. NOTES TO THE CASHFLOW STATEMENT (continued)

		1999 £ '000
<i>Other creditors</i>		
At 30 June 1999		3,196
Less acquired on acquisition		(37)
At 30 June 1998		2,257
		<hr/>
Net increase included in reconciliation		902
		<hr/>
<i>Obligations under finance leases</i>		
<u>Obligations at 30 June 1998</u>		
Payable within one year	557	
Payable between 2 and 5 years	1,641	
	<hr/>	2,198
New capital leases		-
Leases acquired on acquisition		43
<u>Obligations at 30 June 1999</u>		
Payable within one year	559	
Payable between 2 and 5 years	1,153	
	<hr/>	(1,712)
Principal payment under finance leases		529
		<hr/>
<i>Taxation</i>		
<u>Balance at 30 June 1998</u>		
Corporation tax		2,447
<u>Tax charged per accounts:</u>		
UK corporation tax	2,308	
Prior years overprovision	(9)	
Tax credit on UK dividends received	39	
	<hr/>	2,338
Tax charged in profit and loss account		
		2,338
<u>Balance at 30 June 1999</u>		
Corporation tax		(2,335)
		<hr/>
Tax paid		2,450
		<hr/>
<i>Other taxation and social security</i>		
At 30 June 1999		1,176
At 30 June 1998		725
		<hr/>
Net increase included in reconciliation		451
		<hr/>

26. *NOTES TO THE CASHFLOW STATEMENT (continued)*

<i>Accruals</i>	1999
	£
	'000
At 30 June 1999	2,433
Less acquired on acquisition	(179)
At 30 June 1998	1,581
	<hr/>
Net increase included in reconciliation	673
	<hr/>
<i>Interest paid on loans and finance leases</i>	
Interest accrued at 30 June 1998	-
<u>Charge per profit and loss account</u>	
On finance leases	170
	<hr/>
Cash paid	170
	<hr/>
Interest paid on finance leases	170
	<hr/>