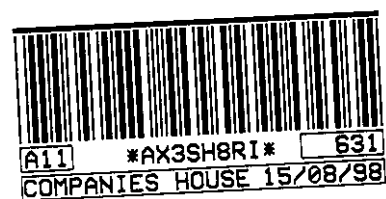


CF Merchandising Limited

Financial statements 31 March 1998
together with directors' and auditors' reports

Registered number: 900164



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Directors' report

For the year 31 March 1998

Financial Statements

The directors present their report and financial statements for the year ended 31 March 1998.

Principal activity

The principal activity of the company during the year was the sale of charity Christmas cards and other similar items. Under the deeds of covenant dated 5 February 1968 and 30 October 1980, the surplus of income over expenditure, if any, is donated to the Cystic Fibrosis Research Trust.

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will 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.

Directors and their interests

The directors during the year and their non-beneficial interests in the £1 ordinary shares of the company were as follows:

	1998	1997
NW Benson	1	1
DRY Bluck	1	1

Directors' report (continued)

Auditors

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

Advantage is taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 4/4/98

Rosie Barnes

Rosie Barnes

Company Secretary

Registered Office

11 London Road

Bromley

Kent

BR1 1BY

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the shareholders of CF Merchandising Limited

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, 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.

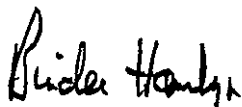
Basis of opinion

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 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 company's state of affairs at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

7 July 1998

Profit and loss account

For the year ended 31 March 1998

	Notes	1998 £	1997 £
Turnover	2	432,560	483,408
Cost of sales		<u>267,859</u>	<u>248,509</u>
Gross Profit		164,701	234,899
Distribution costs		(86,657)	(150,953)
Administrative expenses		<u>(22,402)</u>	<u>(25,533)</u>
Operating profit	3	55,642	58,413
Interest payable		<u>-</u>	<u>(20)</u>
Profit on ordinary activities before deed of covenant		55,642	58,393
Deed of covenant		<u>(55,642)</u>	<u>(58,393)</u>
Profit on ordinary activities before taxation		-	-
Taxation		<u>-</u>	<u>-</u>
Retained profit for the year	6	<u>-</u>	<u>-</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profits in the above two financial years.

Balance sheet

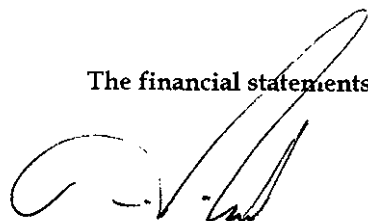
as at 31 March 1998

	Notes	1998 £	1997 £
Fixed assets			
Stocks		17,861	26,850
Debtors	4	65,698	25,906
Cash at bank		28,260	73,905
		<u>111,819</u>	<u>126,661</u>
Creditors: amounts falling due within one year		<u>111,817</u>	<u>126,659</u>
Net current assets		<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
 Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	6	-	-
Shareholders' funds		<u>2</u>	<u>2</u>

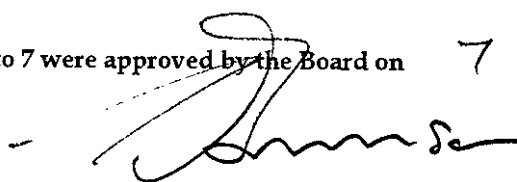
Advantage is taken in the presentation of the financial statements of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion the company is entitled to those exemptions as a small company.

The financial statements on pages 4 to 7 were approved by the Board on

7 July 1998



Duncan Bluck
Director



Neil Benson
Director

Notes to the financial statements

For the year ended 31 March 1998

1 Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention. No cash flow statement is presented, as allowed by Financial Reporting Standard No.1 on the grounds that the company is defined as a small company under Section 247 of the Companies Act 1985.

b) Stocks

Stocks are stated in accordance with Statement of Standard Accounting Practice No.9 at the lower of cost and net realisable value as follows:

Goods held for resale - purchase cost on a first in first out basis.

2 Turnover

Turnover comprises the sale of Christmas cards and similar items within the United Kingdom.

3 Operating profit

	1998 £	1997 £
This is stated after charging:		
Auditors' remuneration	2,575	2,500
Directors' remuneration	-	-

4 Debtors

	1998 £	1997 £
Trade debtors	65,698	17,402
Other debtors	-	8,504
	<u>65,698</u>	<u>25,906</u>

5 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdraft	7,121	-
Trade creditor	7,724	14,328
Amount owed to parent undertaking	67,622	89,966
Other creditors	29,350	22,365
	<u>111,817</u>	<u>126,659</u>

Notes to the financial statements (continued)

6 Reconciliation of movements in shareholders' funds

As there is no profit or loss for each year and no change in share capital, shareholders funds for the two years ended 31 March 1998 are unchanged.

The authorised share capital consists of 100 ordinary shares of £1 each. 2 shares have been allotted, which are called up and fully paid.

7 Ultimate parent undertaking

The ultimate parent undertaking is Cystic Fibrosis Research Trust, a charitable trust registered in England (Number 281287). Consolidated financial statements are prepared and can be obtained on request from the head office at 11 London Road, Bromley, Kent BR1 1BY.