

SFPC LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31ST DECEMBER 1996

Registered Number: 1752250



SFPC LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1996

CONTENTS	Page
Directors' report	1 – 2
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6 – 13

SFPC LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1996

The directors present their annual report together with the audited accounts for the year ended 31st December 1996.

REVIEW OF THE BUSINESS

The principal activity of the company during the year was the wholesaling of florists' sundries.

RESULTS AND DIVIDENDS

The results of the company and the financial position as at the year end are set out in the profit and loss account and balance sheet on pages 4 and 5 respectively.

The directors recommend no dividend be paid for the year (1995 : Nil).

DIRECTORS AND THEIR INTERESTS

The directors and their interests in the shares of Mayborn Group PLC, the ultimate parent company, at the 31st December were :

	Shares		Share options	
	1996	1995	1996	1995
The Hon M J Samuel (Chairman)	8,709,572	8,709,572	—	—
N W Crausay	75,157	22,644	40,617	93,202
N W Clegg	—	—	5,821	—
K Stevens	98,000	100,000	—	—

PAYMENT POLICY

The company agrees terms and conditions with certain key suppliers and payments are made to these terms. Other suppliers are paid in regular payment cycles.

AUDITORS

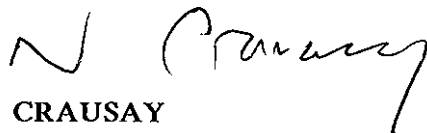
A resolution to re-appoint Hays Allan as auditors will be presented to the members at the Annual General Meeting in accordance with Section 385(2) of the Companies Act 1985.

SFPC LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 1996

BY ORDER OF THE BOARD



N W CRAUSAY

Secretary.

10th March 1997

Registered Office:

Dylon House
Worsley Bridge Road
Lower Sydenham
London SE26 5HD.

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
SFPC LIMITED**

We have audited the financial statements on pages 4 to 13 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 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 report our opinion to you.

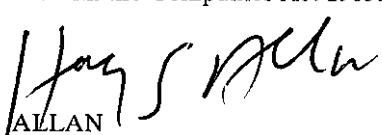
Basis of opinion

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 as at 31st December 1996 and of the its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAYS ALLAN
Chartered Accountants
Registered Auditor

10th March 1997

Southampton House
317 High Holborn
London
WC1V 7NL

SFPC LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1996**

	Note	1996 £'000	1995 £'000
TURNOVER		4,244	4,888
Change in stocks of goods for re-sale		556	153
Purchase of goods for re-sale		2,596	3,330
Staff costs	3	601	661
Depreciation		90	124
Other operating charges		525	620
		<hr/>	<hr/>
		4,368	4,888
OPERATING (LOSS)		<hr/> (124)	<hr/> -
Net interest payable	5	52	105
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<hr/> (176)	<hr/> (105)
Taxation on loss on ordinary activities	6	(50)	(53)
RETAINED (LOSS) FOR THE YEAR	13	<hr/> (126)	<hr/> (52)
		<hr/>	<hr/>

Movements in reserves are shown in note 13.

Turnover and operating loss derive entirely from continuing operations.

All recognised gains and losses are included in the profit and loss account.

SFPC LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	7	911	985
CURRENT ASSETS			
Stocks	8	874	1,430
Debtors	9	306	346
Cash at bank		49	34
		<u>1,229</u>	<u>1,810</u>
CREDITORS: DUE WITHIN ONE YEAR	10	<u>(2,074)</u>	<u>(2,752)</u>
NET CURRENT LIABILITIES		<u>(845)</u>	<u>(942)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		66	43
PROVISIONS FOR LIABILITIES AND CHARGES	11	(19)	(20)
NET ASSETS		<u>47</u>	<u>23</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	12	350	200
PROFIT AND LOSS ACCOUNT	13	(303)	(177)
EQUITY SHAREHOLDERS' FUNDS		<u>47</u>	<u>23</u>

Signed on behalf of the board on 10th March 1997

THE HON M J SAMUEL

N W CLEGG

}
}
} Directors
}
}

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis and in accordance with applicable accounting standards.

(b) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are included at cost less depreciation. Depreciation is provided on a straight line basis over the estimated useful life of the asset.

The following rates per annum are used:

Freehold buildings	2 %
Leasehold property	Over term of lease or likely minimum period of occupation
Plant and equipment	15 %
Motor vehicles	25 %
Computer equipment	25 %
Freehold land is not depreciated	

(c) STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is on a first-in first-out basis.

(d) FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rate ruling when the transactions are undertaken – any gain or loss on exchange arising from settlement being taken to the profit and loss account. Assets and liabilities in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

(e) DEFERRED TAXATION

Deferred taxation is provided, using the liability method, on all timing differences other than those for which no liability is expected to crystallise in the foreseeable future.

(f) TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year, net of value added tax.

(g) LEASED ASSETS

Assets held under finance leases are capitalised and included in tangible fixed assets and the resulting lease obligations, net of finance charges in respect of future periods, are included in creditors. The finance charges in the profit and loss account reflect a constant rate of interest on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account on a straight line basis.

SFPC LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1996

	1996 £'000	1995 £'000
2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
The loss on ordinary activities before taxation is stated after charging:		
Directors' emoluments (note 4)	46	46
Auditors' remuneration – audit fees	14	13
– non – audit fees	1	2
Operating lease rentals – land & buildings	165	233
– equipment & vehicles	15	12
	<hr/>	<hr/>
3. STAFF COSTS		
Wages and salaries	554	613
Social security costs	44	45
Other pension costs (note 15)	3	3
	<hr/>	<hr/>
	601	661
	<hr/>	<hr/>
	Number	Number
The average number of employees during the year was :	46	54
	<hr/>	<hr/>
	£'000	£'000
4. DIRECTORS' EMOLUMENTS		
Remuneration including pension contributions	46	46
	<hr/>	<hr/>
The directors' emoluments excluding pension contributions, included amounts paid to :		
The chairman	Nil	Nil
The highest – paid director	44	44
	<hr/>	<hr/>
The number of other directors who received emoluments, excluding pension contributions, in the following ranges was :	Number	Number
£Nil to £5,000	2	2
	<hr/>	<hr/>

SFPC LIMITED**NOTES TO THE ACCOUNTS (continued)****YEAR ENDED 31ST DECEMBER 1996**

	1996 £'000	1995 £'000
5. NET INTEREST PAYABLE		
Payable to ultimate parent company on loans	51	103
On finance leases	1	2
	<u>52</u>	<u>105</u>
	52	105
6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax	(50)	(35)
Adjustment for previous years	-	(18)
	<u>(50)</u>	<u>(53)</u>
	(50)	(53)

SFPC LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1996

7. TANGIBLE FIXED ASSETS

COST	Land and buildings £'000	Equipment and vehicles £'000	Total £'000
At 1st January 1996	885	677	1,562
Additions	—	65	65
Disposals	(35)	(78)	(113)
At 31st December 1996	<u>850</u>	<u>664</u>	<u>1,514</u>
DEPRECIATION			
At 1st January 1996	102	475	577
Provided during the year	14	76	90
Disposals	(7)	(57)	(64)
At 31st December 1996	<u>109</u>	<u>494</u>	<u>603</u>
NET BOOK VALUE			
At 31st December 1996	<u>741</u>	<u>170</u>	<u>911</u>
At 31st December 1995	<u>783</u>	<u>202</u>	<u>985</u>

The net book value of land and buildings comprises:

Freehold property	740
Short leasehold property	1
	<u>741</u>

The net book value of equipment held under finance leases:

At 1st January 1996	2
Depreciation provided during the year	2
At 31st December 1996	<u>—</u>

8. STOCKS

	1996 £'000	1995 £'000
Goods for re-sale	<u>874</u>	<u>1,430</u>

SFPC LIMITED**NOTES TO THE ACCOUNTS (continued)****YEAR ENDED 31ST DECEMBER 1996**

9. DEBTORS	1996 £'000	1995 £'000
Due within one year		
Trade debtors	218	226
Due from fellow subsidiary undertakings	42	35
Other debtors	11	10
Prepayments and accrued income	35	75
	<u>306</u>	<u>346</u>

10. CREDITORS: DUE WITHIN ONE YEAR

Trade creditors	619	724
Due to ultimate parent company	1,290	1,780
Other taxes and social security payments	99	133
Other creditors	11	15
Accruals and deferred income	55	100
	<u>2,074</u>	<u>2,752</u>

Outstanding instalments under finance leases totalling £Nil (1995 : £12,000) are included in other creditors above.

The amount due to the ultimate parent company includes an interest free loan of £1,200,000 and an open loan of £90,000 bearing interest at current market rates.

SFPC LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1996

11. PROVISIONS FOR LIABILITIES AND CHARGES

	1996 £'000	1995 £'000
Deferred taxation provided:		
Excess of capital allowances received over depreciation	—	(2)
Other short-term timing differences	—	2
	<u>—</u>	<u>—</u>
Pension provision (Note 15)	19	20
	<u>19</u>	<u>20</u>

12. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1996	1995	1996	1995
	£	£	£	£
Ordinary shares of £1 each	360,000	210,000	350,100	200,100
	<u>360,000</u>	<u>210,000</u>	<u>350,100</u>	<u>200,100</u>

13. PROFIT AND LOSS ACCOUNT

	1996 £'000
At 1st January 1996	(177)
Retained (loss) for the year	(126)
At 31st December 1996	<u>(303)</u>

14. CONTINGENT LIABILITIES

There is a cross guarantee to bankers for an unlimited amount given, jointly and severally, by this company and fellow subsidiary undertakings in respect of Mayborn Group PLC, the ultimate parent company.

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1996

15. PENSION COMMITMENTS

Mayborn Group PLC, the company's ultimate parent company operates a defined benefit pension scheme in the U.K., the assets of which are administered by trustees.

Contributions to the scheme are assessed by a qualified actuary on the basis of triennial valuations using the projected unit method. The charge to the profit and loss account for regular pension costs has been calculated so as to spread the cost of pensions over employees' working lives with the group in the light of current actuarial assumptions.

The latest actuarial valuation of the scheme was as at 1st July 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9 % per annum, that salary increases would average 6.5 % per annum and that present and future pensions would increase at the rate of 4 % per annum. Dividend growth is assumed to be 4.5 % per annum.

Particulars of this latest valuation are contained in the accounts of Mayborn Group PLC.

The resulting surplus of the actuarial value of the assets over accrued benefits is being reflected in the profit and loss account over a period of fifteen years – being the estimated average remaining service life of the employees.

The cumulative pension provision set up prior to the latest actuarial valuation and now surplus to requirements, is also being reflected in the profit and loss account over the estimated average remaining service life of the employees.

The charge for pension costs for the year is:

	1996 £'000	1995 £'000
Regular cost	7	6
Amortisation of the surpluses on valuations	(4)	(3)
Total (note 3)	<u>3</u>	<u>3</u>

The cumulative pension cost charged to the profit and loss account that has not been paid to the pension scheme is shown as a pension provision (note 11).

SFPC LIMITED**NOTES TO THE ACCOUNTS (continued)****YEAR ENDED 31ST DECEMBER 1996****16. CAPITAL COMMITMENTS**

	1996 £'000	1995 £'000
Contracts placed	15	2

17. OPERATING LEASE COMMITMENTS

Operating lease commitments payable in the following year, analysed according to the period in which the lease expires, are as follows :—

(a) Land and buildings		
Expiring within one year	71	80
Expiring between one and five years	28	66
Expiring after five years	—	6
	<u>99</u>	<u>152</u>
(b) Other assets		
Expiring within one year	2	8
Expiring between one and five years	6	8
	<u>8</u>	<u>16</u>

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Mayborn Group PLC, which is registered in England.

The consolidated accounts of Mayborn Group PLC, a fully listed company, are available to the public and may be obtained from:

Dylon House
Worsley Bridge Road
Lower Sydenham
London SE26 5HD
Tel : 0181-663-4801