

Company Registration No. 2374993 (England and Wales)

RUPERT MAGNUS TRADING CO PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1999



RUPERT MAGNUS TRADING CO PLC

COMPANY INFORMATION

Directors	E M Magnus T P Magee L McNulty
Secretary	P Magnus
Company number	2374993
Registered office	66 Wigmore Street London W1H 0HQ
Auditors	Levy Gee 66 Wigmore Street London W1H 0HQ

RUPERT MAGNUS TRADING CO PLC

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RUPERT MAGNUS TRADING CO PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1999

The directors present their report and financial statements for the year ended 30 April 1999.

Principal activities and review of the business

The principal activities of the company continue to be the wholesaling and publishing of greeting cards and stationery.

The directors are pleased with the results for the year.

Results and dividends

The results for the year are set out on page 4.

No dividends were paid or proposed during the year.

Year 2000 compliance and the Euro

The directors have undertaken a review of the company's computerised systems and are satisfied that the systems in place are year 2000 compliant. The directors are also keen to seek assurances from the company's suppliers that similar reviews have been undertaken and that the company's exposure to potential risks is minimised.

The directors consider the introduction of the Euro to have no impact upon the operations of the business.

Directors

The following directors have held office since 1 May 1998:

E M Magnus

T P Magee

L McNulty

R V Magnus

(Resigned 17 November 1998)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 April 1999	1 May 1998
E M Magnus	-	-
T P Magee	4,000	4,000
L McNulty	-	-

R V Magnus and E M Magnus have beneficial interests in the shares of Rupert Magnus Group Limited, the holding company, as follows: Ordinary £1 Shares 2,000 and 6,000 respectively (1998: 2,000 and 6,000) and Ordinary "A" £1 Shares 2,000 and 6,000 respectively (1998: 2,000 and 6,000).

Charitable contributions

During the year the company made charitable donations of £480 (1998: £84.)

RUPERT MAGNUS TRADING CO PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

Creditor payment policy

It is the company's policy to use its purchasing power fairly and to pay promptly and as agreed.

The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payment of suppliers.

Creditor days at the year end were 50 days.

Auditors

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

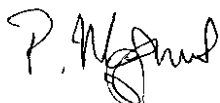
Directors' responsibilities

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;
- 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.

By order of the board



P Magnus

Secretary

28 October 1999

RUPERT MAGNUS TRADING CO PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF RUPERT MAGNUS TRADING CO PLC

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 the company's affairs as at 30 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Levy Gee

Registered Auditor

15th November 1999
.....

66 Wigmore Street
London
W1H 0HQ

RUPERT MAGNUS TRADING CO PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1999

	Notes	1999 £	1998 £
Turnover	2	3,307,521	3,036,440
Cost of sales		(2,459,358)	(2,204,749)
Gross profit		848,163	831,691
Distribution costs		(497,030)	(733,366)
Administrative expenses		(269,457)	(280,708)
Operating profit/(loss)	3	81,676	(182,383)
Other interest receivable and similar income	4	2,006	94
Interest payable and similar charges	5	(3,040)	(569)
Profit/(loss) on ordinary activities before taxation		80,642	(182,858)
Tax on profit/(loss) on ordinary activities	6	(400)	1,744
Profit/(loss) on ordinary activities after taxation	14	80,242	(181,114)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

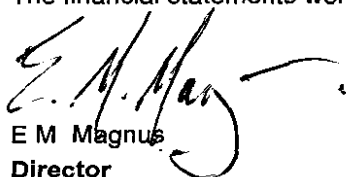
There are no recognised gains and losses other than those passing through the profit and loss account.

RUPERT MAGNUS TRADING CO PLC

BALANCE SHEET AS AT 30 APRIL 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	7		9,572		21,856
Current assets					
Stocks	8	489,639		507,463	
Debtors	9	280,826		342,753	
Cash at bank and in hand		173,500		22,936	
		<u>943,965</u>		<u>873,152</u>	
Creditors: amounts falling due within one year	10	<u>(859,224)</u>		<u>(850,947)</u>	
Net current assets			84,741		22,205
Total assets less current liabilities			<u>94,313</u>		<u>44,061</u>
Creditors: amounts falling due after more than one year	11		<u>(196,941)</u>		<u>(226,931)</u>
			<u>(102,628)</u>		<u>(182,870)</u>
Capital and reserves					
Called up share capital	13	54,000		54,000	
Profit and loss account	14	(156,628)		(236,870)	
Shareholders' funds - equity interests	15	<u>(102,628)</u>		<u>(182,870)</u>	

The financial statements were approved by the Board on 28 October 1999


E M Magnus
Director

RUPERT MAGNUS TRADING CO PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1999

	1999 £	1998 £
Net cash outflow from operating activities	(252,404)	(148,317)
Returns on investments and servicing of finance		
Interest received	2,006	94
Interest paid	(2,819)	(458)
Interest element of finance lease rentals	(221)	(111)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	(1,034)	(475)
Taxation	-	13,663
Capital expenditure		
Payments to acquire tangible assets	-	(2,475)
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	-	(2,475)
	<u> </u>	<u> </u>
Net cash outflow before management of liquid resources and financing	(253,438)	(137,604)
Financing		
Capital element of finance lease contracts	(505)	(253)
	<u> </u>	<u> </u>
Net cash outflow from financing	(505)	(253)
	<u> </u>	<u> </u>
Decrease in cash in the year	<u>(253,943)</u>	<u>(137,857)</u>

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1999

1	Reconciliation of operating profit/(loss) to net cash outflow from operating activities	1999	1998
		£	£
	Operating profit/(loss)	81,676	(182,383)
	Depreciation of tangible assets	5,297	19,103
	Loss on disposal of tangible assets	6,987	-
	Decrease/(increase) in stocks	17,824	(71,336)
	Decrease in debtors	61,927	236,945
	Decrease in creditors	(426,115)	(150,646)
	Net cash outflow from operating activities	(252,404)	(148,317)

2	Analysis of net debt	1 May 1998	Cash flow	Other non-cash changes	30 April 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	22,936	150,564		173,500
	Bank overdrafts	-	(404,507)		(404,507)
		<u>22,936</u>	<u>(253,943)</u>		<u>(231,007)</u>
	Debt:				
	Finance leases	(2,273)	505	-	(1,768)
		<u>(2,273)</u>	<u>505</u>	<u>-</u>	<u>(1,768)</u>
	Net debt	20,663	(253,438)	-	(232,775)

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	Decrease in cash in the year	(253,943)	(137,857)
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	505	253
	Change in net debt resulting from cash flows	(253,438)	(137,604)
	New finance lease	-	(2,526)
	Movement in net debt in the year	(253,438)	(140,130)
	Opening net (debt)/funds	20,663	160,793
	Closing net debt	(232,775)	20,663

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company is reliant upon the continued support of a major creditor to meet its day to day working capital requirements. In this respect the company has reached an agreement with that creditor to defer payment up to £225,000 of its normal trading balance for a period of at least twelve months from the date of approval of these financial statements. Accordingly the balance at the year end of £195,678 has been re-classified as trade creditors falling due after more than one year. Therefore the directors believe that it is appropriate to prepare the accounts on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

If the company was unable to continue in operational existence in the foreseeable future, adjustments would have to be made to amend the balance sheet value of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

1.2 Turnover

Turnover represents sales, excluding returns, trade discounts and VAT, of goods sold during the year.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant & equipment	33 1/3% per annum on a straight line basis
Fixtures & fittings	15% per annum on a straight line basis
Motor vehicles	20% per annum on a reducing balance basis

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

Defined contribution pension arrangements are made for certain employees of the company. The company's contributions are charged against the Profit and Loss Account in the year in which they become payable. The assets of the pension schemes are held separately from those of the company in independently administered funds.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

The geographical split of turnover has been omitted.

3	Operating profit/(loss)	1999 £	1998 £
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	5,297	19,103
	Operating lease rentals	5,052	18,000
	Auditors' remuneration	12,000	12,000
	Remuneration of auditors for non-audit work	21,621	12,425
		<u>21,621</u>	<u>12,425</u>
4	Other interest receivable and similar income	1999 £	1998 £
	Bank interest	1,947	94
	Other interest	59	-
		<u>2,006</u>	<u>94</u>
5	Interest payable	1999 £	1998 £
	On bank loans and overdrafts	2,819	458
	Lease finance charges	221	111
		<u>3,040</u>	<u>569</u>
6	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998 - 21%)	400	-
	Prior years		
	U.K. corporation tax	-	(1,744)
		<u>400</u>	<u>(1,744)</u>

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

7 Tangible fixed assets

	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 May 1998	65,485	8,330	34,834	108,649
Disposals	-	-	(16,521)	(16,521)
At 30 April 1999	65,485	8,330	18,313	92,128
Depreciation				
At 1 May 1998	61,579	6,995	18,219	86,793
On disposals	-	-	(9,534)	(9,534)
Charge for the year	2,239	917	2,141	5,297
At 30 April 1999	63,818	7,912	10,826	82,556
Net book value				
At 30 April 1999	1,667	418	7,487	9,572
At 30 April 1998	3,906	1,335	16,615	21,856

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant & equipment £
Net book values	
At 30 April 1999	842
At 30 April 1998	2,526
Depreciation charge for the year	
30 April 1999	842
30 April 1998	842

8 Stocks

	1999 £	1998 £
Finished goods and goods for resale	489,639	507,463

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

9 Debtors	1999 £	1998 £
Trade debtors	244,046	317,962
Amounts owed by related undertakings	11,341	-
Other debtors	5,156	5,000
Prepayments and accrued income	20,283	19,791
	<u>280,826</u>	<u>342,753</u>

Included in trade debtors is an amount of £14,356 (1998: £22,160) in respect of gross factored balances. The factoring charges recognised in the period amount to £13,396. The terms of the factoring agreement are such that individual debts less than £250 are with recourse to the company and the amounts greater than £250 are with non-recourse.

10 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	404,507	-
Net obligations under finance lease and hire purchase contracts	505	342
Trade creditors	335,460	660,140
Amounts owed to parent undertakings	6,000	83,031
Amounts owed to related undertakings	5,352	-
Corporation tax	400	-
Other taxes and social security costs	24,616	31,267
Directors' current accounts	25	4,587
Other creditors	25,464	34,039
Accruals and deferred income	56,895	37,541
	<u>859,224</u>	<u>850,947</u>

The amounts owed to the parent company are secured by a debenture providing a fixed and floating charge over the assets of the company.

The bank also holds a mortgage debenture for any monies that may become due to them.

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

11 Creditors: amounts falling due after more than one year	1999 £	1998 £
Trade creditors	195,678	225,000
Net obligations under finance leases and hire purchase agreements	1,263	1,931
	<u>196,941</u>	<u>226,931</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	726	726
Repayable between one and five years	1,816	2,543
	<u>2,542</u>	<u>3,269</u>
Finance charges and interest allocated to future accounting periods	(774)	(996)
	<u>1,768</u>	<u>2,273</u>
Included in liabilities falling due within one year	(505)	(342)
	<u>1,263</u>	<u>1,931</u>

12 Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £2,724 (1998 - £27,514).

13 Share capital	1999 £	1998 £
Authorised		
250,000 Ordinary shares of £ 1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
54,000 Ordinary shares of £ 1 each	<u>54,000</u>	<u>54,000</u>

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 1998	(236,870)
Retained profit for the year	80,242
Balance at 30 April 1999	(156,628)

15 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit/(Loss) for the financial year	80,242	(181,114)
Opening shareholders' funds	(182,870)	(1,756)
Closing shareholders' funds	(102,628)	(182,870)

16 Financial commitments

At 30 April 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1999 £	1998 £
Expiry date:		
Between two and five years	18,000	18,000

17 Directors' emoluments

	1999 £	1998 £
Emoluments for qualifying services	59,488	148,863
Company pension contributions to money purchase schemes	1,906	26,796
	61,394	175,659

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (1998 - 3).

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Distribution and Sales	11	12
Administration	11	11
	<u>22</u>	<u>23</u>

Employment costs

	£	£
Wages and salaries	297,970	459,813
Other pension costs	2,724	27,514
	<u>300,694</u>	<u>487,327</u>

19 Control

The immediate and ultimate parent company is Rupert Magnus Group Limited, a company registered in England and Wales, which is controlled by the Magnus family.

RUPERT MAGNUS TRADING CO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 1999

20 Related party transactions

During the year, the company bought goods totalling £78 (1998: £26,436) from, and sold goods totalling £1,297 (1998: £53,275) to Magnus Imprints Limited, a company in which E Magnus is a director and a shareholder.

The company also bought goods totalling £35,507 (1998: £35,940) from, and sold goods totalling £19,656 (1998: £349,165) to Turquoise Limited, a company which is controlled by E Magnus. In addition the company recharged certain distribution and administrative charges totalling £9,096 (1998: £nil) to Turquoise Limited.

At the year end Rupert Magnus Trading Company Plc had balances with the following related companies:

Turquoise Limited £5,352 Cr (1998: £49,324 Dr)
Magnus Imprints Limited £11,341 Dr (1998: £924 Dr)

The directors have taken advantage of the exemption conferred in Financial reporting Standard No 8 and not disclosed any transactions with the other group companies included within the consolidated financial statements.

The company is joined in a cross composite guarantee structure in favour of:

Rupert Magnus Group Limited
Magnus Imprints Limited.

The directors had the following loan account balances at the year end:

R Magnus £260Dr (1998: £3,785 Cr) (maximum amount outstanding £260)
E Magnus £1,846 Dr (1998: £779 Cr) (maximum amount outstanding £1,846)
T Magee £25 Cr (1998: £32) (maximum amount outstanding £979)
L McNulty £2,250 Dr (1998: £5,000 Dr) (maximum amount outstanding £5,000)

During the year ownership of a company vehicle was transferred at no cost to Mrs L Magee.

During the year, the company paid rent of £18,000 (1998: £18,000) to Rupert Magnus, a director of the company who resigned 17 November 1998.