

The Gaymer Group Europe Limited

Directors' report and financial statements

30 April 1997

Registered number 2661275



Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the year to 30 April 1997.

Principal activities and business review

The principal activity of the company is to hold investments in subsidiary undertakings.

Dividend and transfer to reserves

After deducting dividends of £12,000,000 (1996: £7,000,000), the loss for the year £7,310,000 (1996: loss of £2,311,000).

Directors and directors' interests

The directors who held office during the year were as follows:

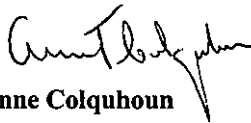
P Aikens
HC Etheridge
PW Huntley

The interests of the directors in the ordinary shares and in options to acquire ordinary shares of the parent company and other group companies are disclosed in the directors' report of the parent company.

Auditors

A resolution to re-appoint KPMG Audit Plc as auditors will be proposed at the Annual General Meeting.

By order of the board


Anne Colquhoun
Secretary

Whitchurch Lane
Bristol
BS14 0JZ

10 DECEMBER 1997

Statement of directors' responsibilities in respect of the financial statements

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 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 a 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

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8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of The Gaymer Group Europe Limited

We have audited the financial statement on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

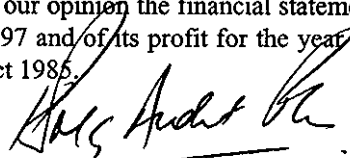
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

17 DECEMBER 1997

Profit and loss account

for the year ended 30 April 1997

	<i>Note</i>	1997 £000	1996 £000
Other interest receivable and similar income	2	7,000	7,000
Profit on ordinary activities before tax		7,000	7,000
Tax on profit on ordinary activities	4	(2,310)	(2,311)
Profit on ordinary activities after tax		4,690	4,689
Dividends paid	5	(12,000)	(7,000)
Loss for the financial year	11	(7,310)	(2,311)

The company has no recognised gains or losses other than the loss for the year.


All the above amounts relate to continuing activities.

Balance sheet

at 30 April 1997

	Note	30 April 1997		30 April 1996	
		£000	£000	£000	£000
Fixed assets					
Investments	6		-		-
Current assets					
Debtors due within one year	7	126,593		120,973	
Debtors due after one year	7	-		1,427	
Creditors: amounts falling due within one year	8	(82,312)		(70,809)	
Net current assets			44,281		51,591
Net assets			44,281		51,591
Capital and reserves					
Called up share capital	9		38,750		38,750
Share premium account	10		5,089		5,089
Profit and loss account	11		442		7,752
Shareholder's funds	12		44,281		51,591

These financial statements were approved by the board of directors on 10 DECEMBER 1997 and were signed on its behalf by:


HC Etheridge
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. Accordingly these accounts present information about The Gaymer Group Europe Limited as an individual undertaking and not about its group. Under Financial Reporting Standard 1 (Revised 1996): Cash Flow Statements, a cash flow statement has not been prepared on the company as it is a wholly owned subsidiary undertaking.

As the company is a wholly owned subsidiary of Matthew Clark plc, incorporated in Great Britain, the company has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Interest receivable and similar income

	1997 £000	1996 £000
Receivable from group undertakings	7,000	7,000

Notes (continued)

3 Remuneration of directors

No director received any emoluments (1996:£nil).

4 Tax on profit on ordinary activities

	1997 £000	1996 £000
Corporation tax at 33%	2,310	2,641
Deferred tax	-	(330)
	<u>2,310</u>	<u>2,311</u>

5 Paid dividends

	1997 £000	1996 £000
Ordinary shares	12,000	7,000
	<u>12,000</u>	<u>7,000</u>

Notes (continued)

6 Fixed asset investments

	Country of registration or incorporation	Principal activity	Class of shares held	Percentage of shares held company
The Gaymer Group Overseas Holdings Limited	England	Holding company	Ordinary	100

In addition, the company owns 100% of the ordinary share capital of 23 dormant companies, registered in England and Wales.

7 Debtors

	1997 £000	1996 £000
Amounts falling due within one year		
Amounts owed by group undertakings	126,593	119,593
ACT recoverable	-	1,380
	<hr/>	<hr/>
	126,593	120,973
Amounts falling due after more than one year		
ACT recoverable	-	1,427
	<hr/>	<hr/>
	126,593	122,400
	<hr/> <hr/>	<hr/> <hr/>

8 Creditors: amounts falling due within one year

	1997 £000	1996 £000
Corporation tax	1,369	1,811
Amounts owed to fellow subsidiary undertakings	-	722
Amounts owed to parent undertaking	80,943	68,276
	<hr/>	<hr/>
	82,312	70,809
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Called up share capital

	No.	At 30 April 1997 and 30 April 1996 £000
<i>Authorised</i>		
Ordinary shares of 1p each	3,875,200,000	38,752
	<hr/>	<hr/>
Cumulative convertible participating 'A' preferred ordinary shares of 1p each	1,600,000	16
Cumulative convertible participating 'B' preferred ordinary shares of 1p each	200,000	2
	<hr/>	<hr/>
	1,800,000	18
	<hr/>	<hr/>
	3,877,000,000	38,770
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 1p each	3,875,000,000	38,750
	<hr/>	<hr/>

10 Share premium account

	£000
At beginning and end of the year	5,089
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11 Profit and loss account

	£000
At beginning of period	7,752
Loss for the period	(7,310)
	<hr/>
At end of period	442
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Notes (continued)

12 Reconciliation of movements in shareholder's funds

	1997 £000	1996 £000
Profit on ordinary activities after tax	4,690	4,689
Dividends	(12,000)	(7,000)
	<hr/>	<hr/>
Net reduction in shareholder's funds	(7,310)	(2,311)
Opening shareholder's funds	51,591	53,902
	<hr/>	<hr/>
Closing shareholder's funds	44,281	51,591
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13 Ultimate parent undertaking

The company is a subsidiary undertaking of Matthew Clark plc a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Matthew Clark plc. The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary of Matthew Clark plc at Whitchurch Lane, Bristol, BS14 0JZ.