



ARTHUR ANDERSEN

Transform Holdings Limited
and subsidiary undertakings

Annual report and accounts
for the year ended 31 December 1999

Registered number: 2773587



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DIRECTORS

J.M. Ryan
N.J. Curry F.C.A.
M.J. Boyle B.A. A.C.A.
R.C.A. Walker B.A.

SECRETARY

N.J. Curry F.C.A.

REGISTERED OFFICE

Hollins House
Cottesmore Gardens
Hale Barns
Altrincham
Cheshire
WA15 8TS

AUDITORS

Arthur Andersen
Bank House
9 Charlotte Street
Manchester
M1 4EU

BANKERS**For the preceding year**

Barclays Bank PLC
51 Mosley Street
Manchester
M60 2AU

For the ensuing year

Royal Bank of Scotland
PO Box 356
38 Mosley Street
Manchester
M60 2BE

SOLICITORS

Hill Dickinson
50 Fountain Street
Manchester
M2 2AS

Directors' report

For the year ended 31 December 1999

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 December 1999.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company is a holding company. The principal activity of the group is in the field of cosmetic surgery and related procedures.

The financial position of the group is set out in the balance sheet on page 6.

Results and dividends

The group results and dividend paid are as follows:

	£
Retained profit at beginning of year	475,215
Loss for the financial year	(792,385)
Dividend paid	(350,428)
Retained loss at end of year	<u>(667,598)</u>

Directors' report (continued)

Directors and their interests

The directors who served during the year, together with their interests as required to be shown by Schedule 7 of the Companies Act 1985, are:

J.M. Ryan	(Chairman)
D.J. Cooper	(resigned 31 July 2000)
N.J. Curry F.C.A.	
M.J. Boyle B.A. A.C.A.	
R.C.A. Walker * B.A.	

* non-executive director

With the exception of J.M. Ryan who held 100 shares in the company (1998 - 100) none of the directors in office at 31 December 1999 had any interest in the shares of the company.

The Euro

The directors are investigating the likely impact of the Euro on the company. Their brief is to ensure that the company is fully prepared in readiness for the introduction of the Euro and, in particular, for the business implication of the United Kingdom's potential entry into EMU.

Auditors

Under s386 of the Companies Act 1985 an elective resolution has been passed to dispense with the obligation to appoint auditors annually.

By order of the Board,



N.J. Curry F.C.A.
Secretary

Hollins House
Cottesmore Gardens
Hale Bams
Altrincham
Cheshire
WA15 8TS

30 October 2000

To the Shareholders of Transform Holdings Limited:

We have audited the accounts on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

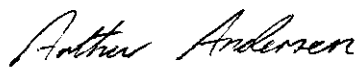
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1999 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

30 October 2000

Consolidated profit and loss account

For the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover	2	16,003,250	17,027,352
Cost of sales		(7,687,584)	(7,995,868)
Gross profit		8,315,666	9,031,484
Other operating expenses (net)	3	(9,188,886)	(8,223,229)
Operating profit:			
Before exceptional items		429,471	780,827
Exceptional items	6	(1,302,691)	27,428
Operating (loss) profit		(873,220)	808,255
Interest receivable		57,429	118,929
Interest payable and similar charges	4	(80,011)	(89,585)
(Loss) profit on ordinary activities before taxation	5	(895,802)	837,599
Tax on profit on ordinary activities	8	83,964	(326,354)
(Loss) profit for the year after taxation		(811,838)	511,245
Minority interests		19,453	19,604
(Loss) profit for the financial year		(792,385)	530,849
Dividends paid		(350,428)	(250,000)
Retained (loss) profit for the year	17	(1,142,813)	280,849

There are no recognised gains or losses in either year other than the (loss) profit for the financial year.

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated balance sheet

31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	9	2,235,441	2,058,700
Current assets			
Stocks	11	380,722	568,798
Debtors	12	880,788	945,741
Cash at bank and short term investments	13	961,124	1,407,122
		2,222,634	2,921,661
Creditors: Amounts falling due within one year	14	(3,832,731)	(3,536,215)
Net current liabilities		(1,610,097)	(614,554)
Total assets less current liabilities		625,344	1,444,146
Creditors: Amounts falling due after more than one year	15	(968,492)	(924,659)
Net (liabilities) assets		(343,148)	519,487
Capital and reserves			
Called-up share capital	16	100	100
Share premium account	17	381,578	381,578
Other reserves	17	-	(299,631)
Profit and loss account	17	(667,598)	475,215
Equity shareholders' (deficit) funds	18	(285,920)	557,262
Equity minority interests		(57,228)	(37,775)
Total capital and reserves		(343,148)	519,487

The accounts on pages 5 to 21 were approved by the board of directors on 30 October 2000 and signed on its behalf by:



J.M. Ryan
Director

30 October 2000

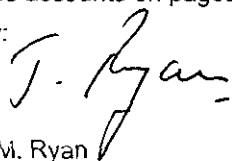
The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet

31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	10	<u>940,503</u>	<u>591,546</u>
Current assets			
Debtors	12	255,191	536,804
Cash at bank and short term investments	13	<u>2,818</u>	<u>2,845</u>
		258,009	539,649
Creditors: Amounts falling due within one year	14	<u>(5,000)</u>	<u>(66,460)</u>
Net current assets		<u>253,009</u>	<u>473,189</u>
Total assets less current liabilities		1,193,512	1,064,735
Creditors: Amounts falling due after more than one year	15	<u>(459,000)</u>	<u>(459,000)</u>
Net assets		<u>734,512</u>	<u>605,735</u>
Capital and reserves			
Called-up share capital	16	100	100
Share premium account	17	381,578	381,578
Revaluation reserve	17	348,957	-
Profit and loss account	17	<u>3,877</u>	<u>224,057</u>
Equity shareholders' funds		<u>734,512</u>	<u>605,735</u>

The accounts on pages 5 to 21 were approved by the board of directors on 30 October 2000 and signed on its behalf by:



J.M. Ryan
Director

30 October 2000

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 31 December 1999

	Notes	1999 £	1998 £
Net cash inflow from operating activities	19	1,078,893	1,102,345
Returns on investments and servicing of finance	19	(22,582)	29,344
Taxation	19	(481,690)	(395,510)
Capital expenditure and financial investment	19	(585,363)	(680,049)
Equity dividends paid		(350,428)	(250,000)
Cash outflow before management of liquid resources and financing		(361,170)	(193,870)
Management of liquid resources	19	406,000	170,000
Financing	19	(84,828)	(231,963)
Decrease in cash in the year	20	(39,998)	(255,833)

The accompanying notes are an integral part of this consolidated cash flow statement.

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Notes to accounts

31 December 1999

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) *Basis of accounting*

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

b) *Basis of consolidation*

The group accounts consolidate the accounts of Transform Holdings Limited and all its subsidiary undertakings made up to 31 December each year.

No profit and loss account for Transform Holdings Limited has been presented as permitted by section 230 of the Companies Act 1985.

c) *Acquisitions and disposals: fair value adjustments*

Where a company or business has been accounted for using the principles of acquisition accounting, fair values are attributed to the group's share of the identifiable net assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is recognised as goodwill. Goodwill is capitalised and written off over its useful economic life.

Goodwill arising on acquisitions in the year ended 31 December 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated to the balance sheet. On disposal of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

d) *Investments*

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

e) *Tangible fixed assets*

Tangible fixed assets are stated at cost, less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	- 2%
Leasehold improvements	- over the life of the lease
Fixtures, fittings and equipment	- 20% - 50%
Computer equipment	- 33 $\frac{1}{3}$ %
Motor vehicles	- 25%

Notes to accounts (continued)

1 Accounting policies (continued)

f) Stocks

Stocks, which comprise consumables, are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Pension costs

Certain employees are members of defined contribution pension schemes. The contributions to the schemes are charged to the profit and loss account as they become payable.

h) Leasing

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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

i) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except where recoverability against corporation tax payable is considered to be reasonably assured.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2 Turnover

Turnover represents the amount receivable for goods and services supplied and excludes Value Added Tax. The turnover and pre-tax profit is attributable to one activity. All turnover is within the United Kingdom.

Notes to accounts (continued)

3 Other operating expenses (net)

	1999 £	1998 £
Selling costs	3,337,142	3,725,675
Administrative expenses	5,871,120	4,554,560
	<u>9,208,262</u>	<u>8,280,235</u>
Other operating income	(19,376)	(57,006)
	<u>9,188,886</u>	<u>8,223,229</u>

4 Interest payable and similar charges

	1999 £	1998 £
Bank loans and overdrafts	11,788	17,152
Finance leases and hire purchase contracts	8,552	25,450
Other loans	59,671	46,983
	<u>80,011</u>	<u>89,585</u>

5 (Loss) profit on ordinary activities before taxation

(Loss) profit on ordinary activities before taxation is stated after charging (crediting):

	1999 £	1998 £
Depreciation and amounts written off tangible fixed assets		
- owned	378,692	333,869
- held under finance leases and hire purchase contracts	70,982	157,261
Operating lease rentals – properties	395,390	390,373
Auditors' remuneration		
- audit fees	35,450	19,103
- other	35,940	17,974
Staff costs (see note 7)	3,983,104	4,316,139
Exceptional item (see note 6)	<u>1,302,691</u>	<u>(27,428)</u>

Notes to accounts (continued)

6 Exceptional items

	1999 £	1998 £
VAT payment in respect of prior years	927,796	-
Write off of loan	75,264	-
Refund of VAT (net of charges)	-	(199,833)
Write-down of goodwill on acquisition	-	65,000
Profit on sale of subsidiary company	-	(83,059)
Loss on sale of Belfast clinic	-	157,468
Release of profit on 1997 sale of subsidiary company	-	(46,919)
Loss on sale of fixed asset investment	-	79,915
Writeback of goodwill on de-registered subsidiaries	299,631	-
	<u>1,302,691</u>	<u>(27,428)</u>

7 Staff costs

(a) The aggregate remuneration of employees (including executive directors) are as shown below:

	1999 £	1998 £
Wages and salaries	3,572,582	3,896,061
Social security costs	359,449	363,801
Other pension costs	51,073	56,277
	<u>3,983,104</u>	<u>4,316,139</u>

The pension cost for the year of £51,073 (1998 - £56,277) was entirely in respect of money purchase pension schemes. There were no outstanding contributions at 31 December 1999 (1998 - £Nil).

The average monthly number of persons employed by the group during the year was as follows:

	1999 Number	1998 Number
Administration	82	81
Sales	35	36
Medical	105	86
	<u>222</u>	<u>203</u>

Notes to accounts (continued)

7 Staff costs (continued)

(b) Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	1999 £	1998 £
Emoluments	577,147	726,709
Money purchase pension contributions	45,278	50,120
	<u>622,425</u>	<u>776,829</u>

The directors' remuneration shown above, excluding pensions contributions, included:

	1999 £	1998 £
Highest paid director	<u>197,944</u>	<u>513,303</u>

The number of directors who were members of the pension schemes were as follows:

	1999 Number	1998 Number
Money purchase schemes	<u>4</u>	<u>4</u>

8 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	1999 £	1998 £
Corporation tax at 30% (1998 - 31%)	(83,964)	313,580
Adjustment of current taxation in respect of prior years	-	12,774
	<u>(83,964)</u>	<u>326,354</u>

Notes to accounts (continued)

9 Tangible fixed assets

The movement in the year was as follows:

	Land and buildings		Fixtures, fittings and equipment	Motor vehicles	Total
	Freehold	Leasehold improvements			
	£	£	£	£	£
Cost					
Beginning of year	1,194,495	235,548	1,170,353	487,294	3,087,690
Additions	-	97,848	392,777	263,542	754,167
Disposals	-	(48,809)	(450,422)	(222,556)	(721,787)
End of year	1,194,495	284,587	1,112,708	528,280	3,120,070
Depreciation					
Beginning of year	11,773	92,355	706,302	218,560	1,028,990
Charge	18,085	52,011	251,083	128,495	449,674
Disposals	-	(48,809)	(446,352)	(98,874)	(594,035)
End of year	29,858	95,557	511,033	248,181	884,629
Net book value					
Beginning of year	1,182,722	143,193	464,051	268,734	2,058,700
End of year	1,164,637	189,030	601,675	280,099	2,235,441
Leased assets included in the above:					
Net book value					
Beginning of year	-	-	48,175	108,278	156,453
End of year	-	-	10,323	111,041	121,364

Freehold land amounting to £331,360 (1998 - £331,360) has not been depreciated.

Notes to accounts (continued)

10 Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Company	
	1999 £	1998 £
Subsidiary undertakings	<u>940,503</u>	<u>591,546</u>
Cost		
Beginning of year		593,687
Revaluation		<u>348,957</u>
End of year		<u>942,644</u>
Amounts written off		
Beginning and end of year		<u>2,141</u>
Net book value		
Beginning of year		<u>591,546</u>
End of year		<u>940,503</u>

The parent undertaking has investments at 31 December 1999 in the following principal subsidiary undertakings, which are registered in and operate primarily in England, and which have affected the profits or net assets of the group:

Name	Nature of Business	Ownership %
Transform Medical Group (CS) Limited	Cosmetic surgery and related procedures	100
Bio-Laboratories Limited	Supply of mail order products	<u>90</u>

11 Stocks

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Medical consumables and goods held for resale	<u>380,722</u>	<u>568,798</u>	<u>-</u>	<u>-</u>

Notes to accounts (continued)

12 Debtors

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	231,375	240,742	-	-
Amounts owed by group undertakings	-	-	253,869	474,304
Corporation tax recoverable	200,757	-	1,322	-
Advance corporation tax	-	62,500	-	62,500
Other debtors	157,800	327,225	-	-
Prepayments and accrued income	290,856	315,274	-	-
	<u>880,788</u>	<u>945,741</u>	<u>255,191</u>	<u>536,804</u>

13 Cash at bank and short term investments

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Cash at bank	961,124	107,122	2,818	2,845
Time deposits	-	1,300,000	-	-
	<u>961,124</u>	<u>1,407,122</u>	<u>2,818</u>	<u>2,845</u>

14 Creditors: Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under hire purchase contracts (note 15)	28,029	88,161	-	-
Trade creditors	1,342,935	1,177,797	-	-
Other creditors				
- UK corporation tax payable	-	364,897	-	-
- ACT payable	-	62,500	-	62,500
- other taxes and social security	197,434	190,625	-	-
- other creditors	178,691	177,138	-	-
- VAT creditor	927,796	-	-	-
Accruals and deferred income	1,157,846	1,475,097	5,000	3,960
	<u>3,832,731</u>	<u>3,536,215</u>	<u>5,000</u>	<u>66,460</u>

Notes to accounts (continued)

15 Creditors: Amounts falling due after more than one year

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Obligations under hire purchase contracts	1,667	26,363	-	-
Other loan	459,000	459,000	459,000	459,000
Other creditors	507,825	439,296	-	-
	<u>968,492</u>	<u>924,659</u>	<u>459,000</u>	<u>459,000</u>

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
<i>Obligations under hire purchase contracts</i>				
Amounts payable				
- within one year	28,029	88,161	-	-
- between one and five years	1,667	26,363	-	-
	<u>29,696</u>	<u>114,524</u>	<u>-</u>	<u>-</u>

Obligations under hire purchase contracts are secured on the specific assets to which they relate.

16 Called-up share capital

	1999 £	1998 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17 Reserves

Group	Share premium account £	Merger reserve £	Other reserve £	Profit and loss account £	Total £
Beginning of year	381,578	56	(299,687)	475,215	557,162
Retained loss for the year	-	-	-	(1,142,813)	(1,142,813)
Goodwill previously written-off included in retained loss for the year	-	(56)	299,687	-	299,631
End of year	<u>381,578</u>	<u>-</u>	<u>-</u>	<u>(667,598)</u>	<u>(286,020)</u>

Notes to accounts (continued)

17 Reserves (continued)

The cumulative amount of goodwill arising from acquisitions which has been written off is £Nil (1998 - £299,687).

Company	Revaluation reserve £	Share premium account £	Profit and loss account £	Total £
Beginning of year	-	381,578	224,057	605,635
Retained loss for the year	-	-	(220,180)	(220,180)
Revaluation of investments in TMG (CS) Limited	348,957	-	-	348,957
End of year	<u>348,957</u>	<u>381,578</u>	<u>3,877</u>	<u>734,412</u>

The profit for the financial year dealt with in the accounts of the parent undertaking was £130,248 (1998 - £447,592).

As provided by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of Transform Holdings Limited.

18 Reconciliation of movements in group shareholders' funds

	1999 £	1998 £
(Loss) profit for the financial year	(792,385)	530,849
Dividends paid	(350,428)	(250,000)
	<u>(1,142,813)</u>	<u>280,849</u>
Goodwill previously written-off included in retained loss for the year	299,631	-
Net (reduction) increase in shareholders' funds	<u>(843,182)</u>	<u>280,849</u>
Opening shareholders' funds	557,262	276,413
Closing shareholders' (deficit) funds	<u>(285,920)</u>	<u>557,262</u>

Notes to accounts (continued)

19 Cash flow information

Reconciliation of operating profit to net cash inflow from operating activities

	1999 £	1998 £
Operating (loss) profit	(873,220)	780,827
Loss on sale of subsidiary company	299,631	83,059
Refund of VAT	-	199,833
Profit on sale of Belfast Clinic	-	(157,468)
Write-down of goodwill on acquisition	-	(65,000)
Depreciation charges	449,674	499,814
(Profit) loss on sale of tangible fixed assets	(41,052)	1,087
Decrease (increase) in stocks	188,076	(398,305)
Decrease (increase) in debtors	203,210	(662,560)
Increase in creditors	852,574	821,058
Net cash inflow from operating activities	1,078,893	1,102,345

Returns on investments and servicing of finance

	1999 £	1998 £
Interest received	(57,429)	(118,929)
Interest paid	71,459	64,135
Interest element of hire purchase and finance lease repayments	8,552	25,450
Net cash outflow (inflow)	22,582	(29,344)

Taxation

	1999 £	1998 £
U.K. corporation tax paid	481,690	395,510

Notes to accounts (continued)

19 Cash flow information (continued)

Capital expenditure and financial investment

	1999 £	1998 £
Purchase of tangible fixed assets	754,167	814,203
Sale of tangible fixed assets	(168,804)	(127,154)
Sale of fixed asset investments	-	(7,000)
Net cash outflow	585,363	680,049

Management of liquid resources

	1999 £	1998 £
Movements in funds - treasurers' deposit accounts	(406,000)	(170,000)

Financing

	1999 £	1998 £
Repayment of secured loan due within one year	-	15,000
Repayment of secured loan due beyond one year	-	82,500
Capital element of hire purchase repayments	84,828	134,463
Net cash outflow	84,828	231,963

20 Analysis and reconciliation of net funds

	31 December 1998 £	Cash flow £	31 December 1999 £
Cash in hand, at bank	1,407,122	(445,998)	961,124
Debt due within one year	(459,000)	-	(459,000)
Hire purchase and finance lease contracts	(114,524)	84,828	(29,696)
Net funds	833,598	(361,170)	472,428

Notes to accounts (continued)

20 Analysis and reconciliation of net funds (continued)

	1999 £	1998 £
Decrease in cash in the year	(39,998)	(255,833)
Cash outflow from decrease in debt and lease financing	84,828	231,963
Cash inflow from decrease in liquid resources	(406,000)	(170,000)
Movement in net funds in year	(361,170)	(193,870)
Net funds at beginning of year	833,598	1,027,468
Net funds at end of year	472,428	833,598

21 Financial commitment

Lease commitments

The group has entered into non-cancellable operating leases in respect of land and buildings and fixtures and equipment. The minimum annual rentals under these leases are as follows:

	1999		1998	
	Property £	Fixtures and equipment £	Property £	Fixtures and equipment £
Group				
Operating leases which expire				
- within one year	940	-	6,077	8,400
- between two and five years	368,279	720	360,796	960
- after five years	26,180	19,082	23,500	-
	<u>395,399</u>	<u>19,802</u>	<u>390,373</u>	<u>9,360</u>

Trading and profit and loss account

For the year ended 31 December 1999

	1999		1998	
	£	£	£	£
Income				
Dividends receivable from subsidiary undertakings		132,933		533,417
Dividends receivable from quoted investments				-
Other income				-
		<u>132,933</u>		<u>533,417</u>
Administrative expenses				
Legal and professional fees	2,495		7,023	
Audit fees	1,500		1,500	
Bank charges	<u>12</u>		<u>40</u>	
		(4,007)		(8,563)
Loss on sale of investments		<u>-</u>		<u>(79,915)</u>
Profit on ordinary activities before interest		128,926		444,939
Interest receivable		38,307		46,983
Interest payable		<u>(38,307)</u>		<u>(46,985)</u>
Profit on ordinary activities before taxation		128,926		444,937
Tax on profit on ordinary activities		<u>1,322</u>		<u>2,655</u>
Profit for the financial year		130,248		447,592
Dividend paid		<u>(350,428)</u>		<u>(250,000)</u>
Retained (loss) profit for the year		<u>(220,180)</u>		<u>197,592</u>

This statement does not form part of the audited financial statements and is for the information of the directors only.

Approved

J.M. Ryan
Director

30 October 2000