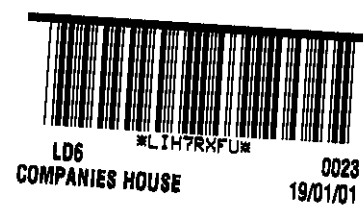


DCD LONDON & MUTUAL PLC

GROUP ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST DECEMBER 1999



DCD LONDON & MUTUAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

INCORPORATION NUMBER

02896868

INCORPORATED IN

ENGLAND AND WALES

DIRECTORS

A.G. RANDEREE

S. A. RANDEREE

I.G.M.ESSACK

C. WILSON

C.A. JADWAT

Z.J. VAKIL

J.A. MANJOO

SECRETARY

C.E. SHELLEY

REGISTERED OFFICE

CHURCHILL HOUSE

142 - 146 OLD STREET

LONDON

EC1V 9BW

AUDITORS

BDO STOY HAYWARD

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

8 BAKER STREET

LONDON

W1M 1DA

DCD LONDON & MUTUAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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DCD LONDON & MUTUAL PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1999

The Directors have pleasure in submitting to the members the Annual Report together with the Audited Financial Statements for the year ended 31st December 1999.

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 results for that year. 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 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.

RESULTS AND REVIEW OF THE BUSINESS

The results for the year are as disclosed in the attached accounts.

The year in question was one of varied performances, in which most of the core businesses, Financing (Trade Finance and Factoring) and Property (Investment and Management) returned a profit. Conversely, the non-core divisions, particularly those in the I.T. related sectors of Training and Software development and consultancy, suffered larger than anticipated losses. 1999 was also a year of consolidation, after 5 years of significant expansion.

In what was also a year in which future strategy was reviewed, the Group has re-focused, concentrating on its principal areas of business and thereby expanding both the Financing and Property divisions. In response also, the Group had reduced its exposure to the I.T. sector, principally by selling 20% of its I.T. holdings, thereby reducing this overall investment to 17.5%. The management recognises that it had underestimated both the financial support and the expanse of time required, to achieve profitability within these I.T. businesses. There were also management difficulties which added to these issues and have since been addressed.

In the year ahead, the Group will expand profitably via its principal divisions and no further new investments will be undertake

DIRECTORS

The Directors of the company throughout the year were :

A.G. RADEREE

S. A. RADEREE

I. G.M. ESSACK

C. WILSON

C.A. JADWAT

Z.J. VAKIL

J.A. MANJOO (Appointed 01-06-99)

A.E. MAHOMEDY (Resigned 23-02-99)

DCD LONDON & MUTUAL PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

PRINCIPAL ACTIVITIES

The principal activities of the company are those of a property investment company and a holding company of a group of companies engaged in property management and investment, travel agency, confirming and financing of international trade, car rental and computer software training and development and consultancy.

DIRECTORS' INTERESTS

The Directors of the company had interests, including family interests, in the share capital of the company as shown below :-

	<u>Ordinary Shares of £1 each</u>	
	<u>1999</u>	<u>1998</u>
S. A. RANDEREE	10,666	10,666
A.G. RANDEREE	<u>6,000</u>	<u>6,000</u>

FIXED ASSETS

Details of significant changes in the Fixed Assets of the company during the year appear in the Notes to the Accounts.

STATE OF AFFAIRS

The state of the company's affairs at the date of the Balance Sheet was satisfactory.

DIVIDENDS

The Directors do not recommend that a dividend be declared for the year under review.

POLICY ON PAYMENT OF CREDITORS

It is the company's policy to pay creditors in accordance with the terms of contracts negotiated with suppliers.

RESERVES

The Directors recommend that no formal transfer be made to the reserve for the year under review.

TAXATION

In the opinion of the Directors the company is a "Close Company" within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

DCD LONDON & MUTUAL PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1999

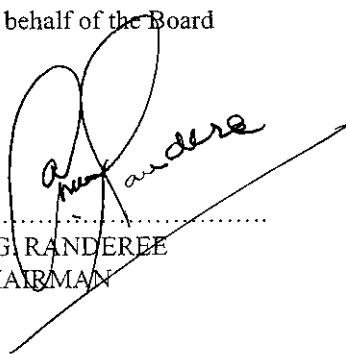
(CONTINUED...)

AUDITORS

Andertons resigned as Auditors of the company during the year and BDO Stoy Hayward were appointed.

In accordance with Section 385 of the Companies Act 1985 a Resolution proposing the reappointment of BDO Stoy Hayward as Auditors to the company will be put to the Annual General Meeting.

On behalf of the Board



.....
A.G. RANDEREE
CHAIRMAN

18TH JANUARY 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF
DCD LONDON & MUTUAL PLC

We have audited the Financial Statements set out on pages 7 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 to 14.

Respective Responsibilities of Directors and Auditors

As described on page 3, 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 that 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 and the group's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free of material misstatements 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 and of the Group at 31st December 1999 and of the result of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
8 BAKER STREET
LONDON
W1M 1DA

18TH JANUARY 2001

DCD LONDON & MUTUAL PLCCONSOLIDATED PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1999

		<u>1999</u>	<u>1998</u>
<u>TURNOVER</u> (Note 1)			
Continuing Operations		£ 6,358,351	£ 10,897,896
Discontinued Operations		5,045,093	-
		-----	-----
		11,403,444	10,897,896
 <u>COST OF SALES</u>			
Continuing Operations	£ 2,278,159	£ 4,761,863	
Discontinued Operations	3,785,264	-	
	-----	-----	-----
		(6,063,423)	(4,761,863)
 <u>GROSS PROFIT</u>		-----	-----
		5,340,021	6,136,033
 <u>OPERATING EXPENSES</u>			
Continuing Operations	2,813,168	5,560,226	
Discontinued Operations	4,496,408	-	
	-----	-----	-----
		(7,309,576)	(5,560,226)
 <u>OPERATING LOSS</u> (Note 2)		-----	-----
Continuing Operations	1,267,024	575,807	
Discontinued Operations	(3,236,579)	-	
	-----	-----	-----
		(1,969,555)	575,807
Share of Loss in Associated Company		(2,807)	-
 <u>OTHER INCOME</u>			
Continuing Operations		65,237	186,247
		-----	-----
		(1,907,125)	762,054
 <u>INTEREST PAYABLE AND SIMILAR CHARGES</u> (Note 3)			
Continuing Operations	1,434,422	1,292,193	
Discontinued Operations	77,833	-	
Share of Interest Payable in Associated Company	498	-	
	-----	-----	-----
		(1,512,753)	(1,292,193)
 <u>CARRIED FORWARD</u>		-----	-----
		£ (3,419,878)	£ (530,139)
		-----	-----

DCD LONDON & MUTUAL PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999
(CONTINUED...)

	<u>1999</u>	<u>1998</u>
<u>BROUGHT FORWARD</u>	£ (3,419,878)	£ (530,139)
<u>EXCEPTIONAL ITEM</u> (Note 4)		
Discontinued Operations	907,671	(239,062)
	-----	-----
<u>LOSS ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>	(2,512,207)	(769,201)
<u>TAXATION</u> (Note 5)	40,109	(19,567)
	-----	-----
<u>LOSS ON ORDINARY</u> <u>ACTIVITIES AFTER TAXATION</u>	(2,472,098)	(788,768)
<u>DIVIDENDS</u>	-	-
	-----	-----
	(2,472,098)	(788,768)
<u>MINORITY INTEREST</u>	2,040,291	473,705
	-----	-----
<u>RETAINED LOSS FOR THE YEAR</u>	£ (431,807)	£ (315,063)
	=====	=====

CONSOLIDATED STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES

	<u>1999</u>	<u>1998</u>
Consolidated Loss for the year	£ (431,807)	£ (315,063)
Unrealised Surplus on Revaluation of Property	1,775,118	-
Post acquisition losses written back (Cosy Plc)	527,556	-
	-----	-----
Total Recognised Gains and Losses for the year	£ 1,870,867	£ (315,063)
	=====	=====

During the year the company disposed of 20% of its shareholding in Cosy Plc leaving a shareholding of 17.5%. This is treated as discontinued operations.

The Notes on Pages 13 to 25 form an integral part of these Accounts.

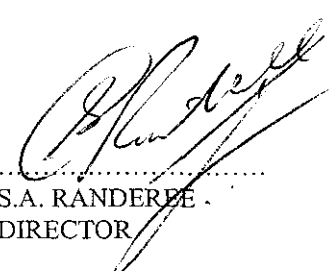
DCD LONDON & MUTUAL PLC
CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 1999

<u>FIXED ASSETS</u>	1999	1998
Intangible Assets (Note 7)	£ 16,000	£ 1,557,736
Tangible Assets (Note 8)	28,088,649	26,585,791
Investments (Note 9)	398,079	17,700
	<hr/> 28,502,728	<hr/> 28,161,227
<u>CURRENT ASSETS</u>		
Stocks	£ -	£ 134,366
Investment	-	50
Debtors (Note 10)	12,476,496	14,924,383
Cash at Bank and in Hand	5,059,885	6,855,703
	<hr/> 17,536,381	<hr/> 21,914,502
<u>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</u> (Note 11)	<hr/> 16,210,383	<hr/> 20,318,834
<u>NET CURRENT ASSETS</u>	<hr/> 1,325,998	<hr/> 1,595,668
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	<hr/> 29,828,726	<hr/> 29,756,895
<u>CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u> (Note 12)	<hr/> (21,456,462)	<hr/> (25,126,918)
	<hr/> 8,372,264	<hr/> 4,629,977
<u>MINORITY INTERESTS - EQUITY</u>	<hr/> (3,316,025)	<hr/> (1,444,605)
	<hr/> £ 5,056,239	<hr/> £ 3,185,372
<u>CAPITAL AND RESERVES</u>		
<u>CALLED UP SHARE CAPITAL</u> (Note 13)	£ 2,050,000	£ 2,050,000
<u>REVALUATION RESERVE</u> (Note 14)	2,911,056	1,135,938
<u>PROFIT AND LOSS ACCOUNT</u> (Note 15)	95,183	(566)
<u>SHAREHOLDERS' FUNDS</u> (Note 16)	<hr/> £ 5,056,239	<hr/> £ 3,185,372

Included in Shareholders' Funds is an amount of £2,000,000 in respect of non-equity interests.

Approved by the Board on 18th January 2001


A.G. RANDEREE
DIRECTOR


S.A. RANDEREE
DIRECTOR

The Notes on pages 13 to 25 form an integral part of these Accounts.

DCD LONDON & MUTUAL PLC

BALANCE SHEET

AT 31ST DECEMBER 1999

<u>FIXED ASSETS</u>	<u>1999</u>	<u>1998</u>
Tangible Assets (Note 8)	£ 4,552,616	£ 3,259,533
Investments (Note 9)	2,979,802	2,578,749
	<u>7,532,418</u>	<u>5,838,282</u>
<u>CURRENT ASSETS</u>		
Debtors (Note 10)	£ 815,060	£ 639,783
Cash at Bank	139	33,051
	<u>815,199</u>	<u>672,834</u>
<u>CREDITORS : AMOUNTS</u> <u>FALLING DUE WITHIN</u> <u>ONE YEAR</u> (Note 11)	<u>(826,049)</u>	<u>(562,387)</u>
<u>NET CURRENT ASSETS</u>	<u>(10,850)</u>	<u>110,447</u>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES</u>	<u>7,521,568</u>	<u>5,948,729</u>
<u>CREDITORS : AMOUNTS</u> <u>FALLING DUE AFTER MORE</u> <u>THAN ONE YEAR</u> (Note 12)	<u>(3,036,310)</u>	<u>(2,699,112)</u>
	<u>£ 4,485,258</u>	<u>£ 3,249,617</u>
<u>CAPITAL AND RESERVES</u>		
<u>CALLED UP SHARE CAPITAL</u> (Note 13)	£ 2,050,000	£ 2,050,000
<u>REVALUATION RESERVE</u> (Note 14)	2,119,672	897,082
<u>PROFIT AND LOSS ACCOUNT</u> (Note 15)	315,586	302,535
	<u>£ 4,485,258</u>	<u>£ 3,249,617</u>

Included in Shareholders' Funds is an amount of £2,000,000 in respect of non-equity interest.

Approved by the Board on 18th January 2001


.....
A.G. RANDEREE
DIRECTOR


.....
S.A. RANDEREE
DIRECTOR

The Notes on pages 13 to 25 form an integral part of these Accounts.

DCD LONDON & MUTUAL PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1999

	NOTE	1999	1998
<u>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</u>	(A)	£ 1,170,996	£ (5,717,694)
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>	(B)	(1,468,760)	(1,105,946)
<u>TAXATION</u>	(C)	(12,517)	-
<u>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</u>	(D)	423,731	(22,323,417)
<u>DISPOSALS AND ACQUISITION</u>	(E)	406,495	475,802
<u>FINANCING</u>	(F)	(1,385,069)	22,530,096
<u>DECREASE/INCREASE IN CASH</u>		£ 865,124	£ (6,141,159)

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBTS

Decrease/Increase in Cash in the Period	£ 865,124	£ (6,141,159)
Cash Inflow from Increase in Debt	(239,832)	(22,679,242)
Cash Outflow from Decrease in Debt	3,910,079	149,146
Change in Net Debt	4,535,371	(28,671,255)
Net Debt at 01.01.99	(26,790,589)	1,880,666
Net Debt at 31.12.99	(G) £ (22,255,218)	£ (26,790,589)

NOTES

A. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

Operating profit/loss for the year after other income	£ (1,936,901)	£ 336,745
Depreciation	631,616	699,238
Profit on disposal of fixed assets	(21,497)	(16,581)
(Increase)/decrease in debtors	3,722,046	(3,685,560)
Increase/(decrease) in creditors	(1,358,634)	(2,958,813)
(Increase)/decrease in stocks	134,366	(89,723)
	3,107,897	(6,051,439)
<u>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</u>	£ 1,170,996	£ (5,714,694)

DCD LONDON & MUTUAL PLC**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)**

ONTINUED...)

	1999	1998		
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	£ (1,512,255)	£ (1,292,193)		
Interest and similar income	43,495	186,247		
	£ (1,468,760)	£ (1,105,946)		
C. TAXATION				
Balance @ 01.01.99	£ (89,745)			
Profit & Loss (refund due)	40,109			
Balance @ 31.12.99	37,119			
	£ (12,517)			
Paid during the year				
D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible & intangible fixed assets	£ (825,526)	£ (23,144,105)		
Receipts from sales of tangible fixed assets	1,249,257	820,688		
	£ 423,731	£ (22,323,417)		
E. ACQUISITION AND DISPOSAL				
Cosy Plc				
Disposal proceeds	£ 360,000			
Liquid resources given – cash & bank balances	(149,759)			
Bank overdraft	259,567			
	469,808			
Purchase of Unicorn Childcare (Associate)	(63,313)			
	£ 406,495			
F. FINANCING				
Shareholders Loan	£ (1,673,512)	£ 5,996,707		
Property & Bank loans	220,367	(149,146)		
Other Loans	107,000	16,380,538		
Finance Lease	(38,924)	301,997		
	£ (1,385,069)	£ 22,530,096		
G. ANALYSIS OF CHANGES IN NET DEBT				
	AT 1. JAN 1999	CASH FLOW	OTHER CHANGES	AT 31.DEC 1999
Cash at bank and in hand	£ 6,855,703	£ (1,795,818)	£ -	£ 5,059,885
Bank Overdraft & Clients' Funds	(8,268,880)	2,660,942	-	(5,607,938)
Debts due within one Year	(250,494)	(239,832)	-	(490,326)
Debts due after one Year	(25,126,918)	3,910,079	-	(21,216,839)
	£ (26,790,589)	£ 4,535,371	£ -	£ (22,255,218)

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES

Basis of Preparation

The Financial Statements have been prepared under the historical cost convention and applicable accounting standards.

Basis of Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the company and all of its subsidiaries for the financial year ended 31st December 1999. Any goodwill arising on consolidation is written off immediately to reserves.

The company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The profit dealt with in the accounts of the holding company was £13,051.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Depreciation

Depreciation is provided on fixed assets to write off their cost over their expected useful lives. It is calculated at the following rates :

Computers	33 1/3%	On Cost
Fixtures, Fittings & Equipment	10%	On Cost
Motor Vehicles	25%	On Cost
Leasehold Improvements	5%	On Cost
Trademarks	Over 20 years	
Development Costs	Over 5 years	
Goodwill	Over 10 years	

In accordance with SSAP 19 no depreciation is provided in respect of freehold properties. This treatment is a departure from the requirement of the Companies Act 1985 that depreciation is charged to write off the value of the investment properties, less any estimated residual value, systematically over the period of the asset's useful economic life. The effect of this departure has not been quantified because it is impractical. These properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

Properties

Freehold investment properties are carried at valuation. Any surplus on revaluation is transferred to Revaluation Reserve.

Turnover

Turnover represents the total invoiced value exclusive of Value Added Tax in respect of services rendered and commissions received during the year. All services were provided in the UK. An analysis of turnover by class of business is as follows:

Trade Finance and Factoring	£ 1,382,873
Property Investment and Management	2,348,296
Travel Agents	2,026,411
Car Rental and Leasing	600,771
	<hr/>
	£ 6,358,351
Computer Consultancy, Software Training and Development (Discontinued Operations)	5,045,093
	<hr/>
	£ 11,403,444
	<hr/>

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

Contribution to Pension Funds

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company and in independently administered funds. Pension payments are charged against the profits in the year to which they relate.

Leased Assets

Assets held under finance lease and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease. All other leases are regarded as operating leases and the payments under them are charged to the Profit and Loss Account on a straight-line-basis over the lease term.

Deferred Taxation

Deferred taxation is provided using the liability method, only where there is a reasonable probability that it will become payable in the foreseeable future.

Foreign Currency

All transactions in Foreign Currencies are converted at the rates prevailing on the date of the transactions, except for Revelate Limited and Warrenby Limited where an average rate for the year is used. Current Assets and Liabilities in Foreign Currencies are translated at the rates of exchange ruling at the date of the Balance Sheet.

2. OPERATING RESULTS

Operating results are stated after charging :-

	<u>1999</u>	<u>1998</u>
Directors' Emoluments	£ 681,968	£ 515,080
Depreciation and Amortisation	631,616	699,238
Auditors' Remuneration	55,100	61,550
Operating leases - Hire of Equipment	324,773	77,809
	<u>=====</u>	<u>=====</u>

2.1. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:-

	<u>1999</u>	<u>1998</u>
Wages & Salaries	£ 4,279,114	£ 4,066,138
Social Security Costs	455,071	83,434
Pension Costs	110,363	44,452
	<u>£ 4,844,548</u>	<u>£ 4,194,024</u>

The average number of employees including Directors employed by the Group was 217 (1998: 299)

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

The directors emoluments were as follows :-

	<u>1999</u>	<u>1998</u>
Salaries	£ 154,945	£ 515,080

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1999</u>	<u>1998</u>
Bank loans and overdrafts	£ 1,512,255	£ 1,292,193

4. EXCEPTIONAL ITEM

This relates to DCD Factors Plc net funding exposure arising from a dispute which was written off last year, £7,996 was recovered during the year.

On disposal of 20% shareholding in Cosy Plc, DCD London & Mutual Plc recouped losses of £899,675.

5. TAXATION

	<u>1999</u>	<u>1998</u>
<u>Corporation Tax</u>		
UK Corporation Tax @ 31%	£ (40,109)	£ 19,567

6. DEFERRED TAXATION

No provision has been made for deferred taxation as the Directors do not expect timing differences to reverse in the foreseeable future.

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

7. INTANGIBLE ASSETS

Group

	<u>GOODWILL</u>
<u>COST OR VALUATION</u>	
Balance at 01.01.99	£ 20,000
Additions	-

Balance at 31.12.99	£ 20,000
	=====
<u>AMORTISATION</u>	
Balance at 01.01.99	£ 2,000
Charge for Year	2,000

Balance at 31.12.99	£ 4,000
	=====
<u>NET BOOK VALUE</u>	
At 31.12.99	£ 16,000
	=====
At 31.12.98	£ 1,557,736
	=====

Goodwill relates to the cost of acquiring the Earls Court branch by Travel Express International Ltd. During the year trademarks, development costs and industrial property rights with a book value of £1,539,736 were eliminated on disposal of shares in Cosy Plc.

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)****8. TANGIBLE ASSETS**

Group	FREE- HOLD PROPERTY	LEASE- HOLD IMPRO- VEMENTS	FURNITURE, FITTINGS AND EQUIPMENT	MOTOR VEHICLES	COMPUTER EQUIPMENT	COMPUTER- SOFTWARE	TOTAL
<u>COST OR VALUATION</u>							
Balance at							
01.01.99	£ 23,588,583	£ 12,431	£ 611,988	£ 1,026,927	£ 333,044	£ -	£ 25,572,973
Additions	108,565	1,328	13,796	671,063	22,487	-	817,239
Revaluation	3,985,329	-	-	-	-	-	3,985,329
Disposals	(682,477)	-	(1,361)	(773,965)	-	-	(1,457,803)
Balance at							
31.12.99	£ 27,000,000	£ 13,759	£ 624,423	£ 924,025	355,531	£ -	£ 28,917,738
<u>DEPRECIATION</u>							
Balance at							
01.01.99	£ -	£ 1,829	£ 277,901	£ 168,767	£ 201,594	£ -	£ 650,091
Charge for Year	-	1,982	61,424	269,918	71,422	-	404,746
Disposals	-	-	-	(225,748)	-	-	(225,748)
Balance at							
31.12.99	£ -	£ 3,811	£ 339,325	£ 212,937	£ 273,016	£ -	£ 829,089
<u>N.B.V.</u>							
31.12.99	£ 27,000,000	£ 9,948	£ 285,098	£ 711,088	£ 82,515	£ -	£ 28,088,649
31.12.98	£ 23,588,583	£ 10,602	£ 334,087	£ 858,160	£ 131,450	£ -	£ 24,922,882

The book value of motor vehicles held under lease was £687,710 at the year end (1998: £746,720). Depreciation charged thereon for the year was £158,616 (1998: £121,846).

During the year fixed assets with a book value of £1,662,909 were eliminated on disposal of shares in Cosy Plc.

8.1 REVALUATION RESERVE

The directors have valued the freehold investment properties at £27,000,000 at 31st December 1999. This is based on a valuation made by Martin Waller ARICS of Pelham Incorporated Limited, a subsidiary of DCD London & Mutual Plc. The valuation made by Mr. Waller determined the value of the properties to be £27,850,000 but the directors have discounted this value by £850,000 on the basis of prudence, given the fluctuating values in the property market at that time. The total revaluation reserve at 31st December 1999 was £2,911,056 (1998: £1,135,938).

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

Company

	<u>FREEHOLD PROPERTY</u>	<u>COMPUTER EQUIPMENT</u>	<u>FIXTURES FITTINGS & EQUIPMENT</u>	<u>TOTAL</u>
<u>COST OR VALUATION</u>				
Balance at 01.01.99	£ 3,195,000	£ 106,749	£ 24,749	£ 3,326,498
Additions	82,410	9,036	(1,361)	90,085
Revaluation	1,222,590	-	-	1,222,590
Balance at 31.12.99	£ 4,500,000	£ 115,785	£ 23,388	£ 4,639,173
<u>DEPRECIATION</u>				
Balance at 01.01.99	£ -	£ 62,766	£ 4,199	£ 66,965
Provided for the Year	-	17,673	1,919	19,592
Balance at 31.12.99	£ -	£ 80,439	£ 6,118	£ 86,557
<u>N.B.V.</u>				
At 31.12.99	£ 4,500,000	£ 35,346	£ 17,270	£ 4,552,616
At 31.12.98	£ 3,195,000	£ 43,983	£ 20,550	£ 3,259,533

9. INVESTMENTS

		ASSOCIATED UNDERTAKINGS	UNLISTED INVESTMENTS	TOTAL
Group				
<u>Cost and Net Book Value</u>				
Opening Balance		£ -	£ 17,700	£ 17,700
Additions		57,092	8,287	65,379
Reclassification of Group Undertakings		-	315,000	315,000
		-----	-----	-----
		£ 57,092	£ 340,987	£ 398,079
		=====	=====	=====
	GROUP	ASSOCIATED	UNLISTED	
	UNDERTAKINGS	UNDERTAKINGS	INVESTMENTS	TOTAL
Company				
<u>Cost and Net Book Value</u>				
Opening Balance	£ 2,561,049	£ -	£ 17,700	£ 2,578,749
Additions	1,400,000	63,313	8,287	1,471,600
Reclassification of Group Undertakings	(315,000)	-	315,000	-
Disposal	(1,070,547)	-	-	(1,070,547)
	-----	-----	-----	-----
	£ 2,575,502	£ 63,313	£ 340,987	£ 2,979,802

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)**

The additions to shares in subsidiary and other undertakings all of which are incorporated and operate in England are as follows :-

	<u>% Holdings</u> <u>At 31.12.99</u>	<u>Cost</u>
DCD Factors Ltd (increase in issued share capital)	100%	£ 1,400,000
Unicorn Childcare Ltd	50%	63,313

		£ 1,463,313
		=====

The company disposed 20% of its holdings (37.5%) in Cosy Plc for £360,000 and 100% of its holding in Revelate Ltd for £710,577. The latter disposal was made to DCD Factors Plc which is a wholly owned subsidiary of DCD London & Mutual Plc.

10. DEBTORS**Group**

	<u>1999</u>	<u>1998</u>
Trade and Discounted Bills of Exchange	£ 7,860,915	£ 5,393,416
Funds Held for Clients	1,428,878	305,352
Trade Debtors	1,927,912	7,816,475
Amounts due from Related Undertakings	1,010,721	252,810
Other Debtors	79,400	182,747
Prepayments and Accrued Income	168,670	973,583
	-----	-----
	£ 12,476,496	£ 14,924,383
	=====	=====

Company

	<u>1999</u>	<u>1998</u>
Trade Debtors	£ 43,363	£ 77,713
Amounts due from Group Undertakings	250,646	539,850
Amounts due from Related Undertakings	488,497	-
Other Debtors and Prepayments	32,554	22,220
	-----	-----
	£ 815,060	£ 639,783
	=====	=====

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)****11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR****Group**

	<u>1999</u>	<u>1998</u>
Bank Overdrafts and Loans	£ 2,915,338	£ 3,876,358
Discounted Bills	2,437,830	1,636,910
Advances against Collection Bills	873,366	1,055,658
Amounts due to Clients	3,302,220	4,789,299
Funds held for Clients	2,692,600	4,392,522
Trade Creditors	2,052,486	2,978,528
Amounts due to Related Companies	679,523	108,635
Amounts due under Lease Obligations	392,826	250,494
Other Creditors including		
Taxation and Social Security	191,774	721,681
Accruals and Deferred Income	574,920	508,749
Shareholder's Loan	97,500	-
	-----	-----
	£ 16,210,383	£ 20,318,834
	=====	=====

Company

	<u>1999</u>	<u>1998</u>
Bank Overdrafts (Note 10.1)	£ 375,627	£ 301,133
Amounts due to Group Undertakings	130,590	103,130
Other Taxation and Social Security	58,036	13,154
Other Creditors and Accruals	164,296	144,970
Shareholder's Loan	97,500	-
	-----	-----
	£ 826,049	£ 562,387
	=====	=====

11.1 The bank overdraft is secured by a first charge on the freehold property of the company at Churchill House,
142-146 Old Street, London EC1V 9BW.

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)****12. CREDITORS : AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR****Group**

	<u>1999</u>	<u>1998</u>
Bank Loans	£ -	£ 1,151,942
Property Loans	15,807,335	15,496,374
Shareholders Loans	5,503,516	7,274,528
Other Loans	-	-
Amounts due to Related Undertakings	-	167,069
Amounts due under Hire Purchase Obligations	128,249	309,505
Other Creditors	17,362	727,500
	<u>£ 21,456,462</u>	<u>£ 25,126,918</u>

Company

	<u>1999</u>	<u>1998</u>
Bank Loans	£ 1,057,610	£ 1,151,942
Shareholders Loans	1,978,700	1,547,170
	<u>£ 3,036,310</u>	<u>£ 2,699,112</u>

The bank and property loans are secured by a first charge on the freehold properties of the company and bear interest at rates varying between 7.43% and 9.43%.

The loans repayable by instalments and £1,589,176 is repayable within 2 to 5 years and £14,855,044 is repayable after 5 years. The loans are stated net of a financing charge of £636,885. The financing charge is being amortised over the period of the loans.

The shareholders loans are unsecured, non-interest bearing, with no set repayment date.

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)****13. CALLED UP SHARE CAPITAL**

	<u>1999</u>	<u>1998</u>
<u>Authorised</u>		
1,000,000 Ordinary Shares of £1 each	£ 1,000,000	£ 1,000,000
3,000,000 5% Non Cumulative Redeemable Preference Shares of £1 each	3,000,000	3,000,000
	-----	-----
	£ 4,000,000	£ 4,000,000
	=====	=====
<u>Issued and Fully Paid</u>		
50,000 Ordinary Shares of £1 each	£ 50,000	£ 50,000
2,000,000 5% Non Cumulative Redeemable Preference Shares of £1 each	2,000,000	2,000,000
	-----	-----
	£ 2,050,000	£ 2,050,000
	=====	=====

The preference shares are non voting shares redeemable at par with the redemption date to be decided by the directors between 1st January 2001 and 31st December 2002. Other circumstances of redemption are on winding up of the company prior to the above dates and at the discretion of the directors as permitted by the Companies Act 1985.

14. REVALUATION RESERVE**Group**

	<u>1999</u>	<u>1998</u>
Opening Balance	£ 1,135,938	£ 897,082
On Revaluation (Note 13.1)	1,775,118	238,856
	-----	-----
Closing Balance	£ 2,911,056	£ 1,135,938
	=====	=====

The freehold land and buildings were revalued at 31st December 1999 by Martin Waller ARICS of Pelham Incorporated Ltd a property management company and subsidiary of DCD London & Mutual Plc. The open market value of the properties was valued at £ 27,850,000 but the directors decided to discount the same by £850,000 as a prudent measure. This gave rise to a revaluation surplus of £1,222,590 and £2,762,639 on properties held by DCD London & Mutual Plc and DCD Properties Ltd respectively. The group's share of DCD Properties Ltd share capital amounts to 20%.

Company

	<u>1999</u>	<u>1998</u>
Opening Balance	£ 897,082	£ -
Movement during the Year	1,222,590	897,082
	-----	-----
Closing Balance	£ 2,119,672	£ 897,082
	=====	=====

DCD LONDON & MUTUAL PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 1999****(CONTINUED...)****15. PROFIT AND LOSS ACCOUNT**

Group	<u>1999</u>	<u>1998</u>
Opening Balance	£ (566)	£ 134,875
Loss for the Year	(431,807)	(315,063)
Post Acquisition Losses		
Written Back (Cosy Plc)	527,556	223,379
Reserve on Acquisition written off	-	(43,757)
	-----	-----
Closing Balance	£ 95,183	£ (566)
	=====	=====

Company

	<u>1999</u>	<u>1998</u>
Opening Balance	£ 302,535	£ 443,621
Profit/(Loss) for the Year	13,051	(141,086)
	-----	-----
Closing Balance	£ 315,586	£ 302,535
	=====	=====

16. SHAREHOLDERS' FUNDS

Group	<u>1999</u>	<u>1998</u>
Opening Balance	£ 3,185,372	£ 3,081,957
Revaluation Reserve	1,775,118	238,856
Loss for the Year	(431,807)	(315,063)
Reserve on Acquisition Written Off	-	(43,757)
Gain on Disposal of Subsidiary (Cosy Plc)	527,556	223,379
	-----	-----
Closing Balance	£ 5,056,239	£ 3,185,372
	=====	=====

Company

	<u>1999</u>	<u>1998</u>
Opening Balance	£ 3,249,617	£ 3,390,703
Revaluation Reserve	1,222,590	-
Profit/(Loss) for the Year	13,051	(141,086)
	-----	-----
Closing Balance	£ 4,485,258	£ 3,249,617
	=====	=====

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

17. CONTINGENT LIABILITIES

	<u>1999</u>	<u>1998</u>
Bills Discounted and Advances	£ 3,311,196	£ 1,038,040
Irrevocable Letter of Credit and Forward		
Exchange Contracts	-	2,464,301
Guarantees for Group Undertakings	750,000	170,000
Acceptance and Bills for Collection	-	69,279
	<u>£ 4,061,196</u>	<u>£ 3,741,620</u>

There are contingent liabilities in respect of wholly owned subsidiaries debts as follows :-

- (a) under the cross-company guarantee given by the company to the bank on behalf of DCD Factors Plc.
- (b) for facilities extended to Revelate Ltd by its bankers which are secured by a first charge on the company's freehold property at Churchill House, 142-146 Old Street, London EC1V 9BW.

18. CAPITAL COMMITMENTS

	<u>1999</u>	<u>1998</u>
Contracted but not provided	£ -	£ 423,668

19. DISPOSALS

The company disposed of 100% of its shareholding in Revelate Ltd on 30th April 1999 to DCD Factors Plc which is a 100% subsidiary. The company disposed of 20% of the shareholding in Cosy Plc on 1st July 1999 reducing the shareholding to 17.5%.

20. RELATED PARTY DISCLOSURES

The company owns 17.5% of the Cosy Plc Group in which Mr. S.A. Randeree is a minority shareholder. During the year the group charged Cosy Plc Group £308,667 for management charges. Cosy Plc Group made sales of £16,265 to the group. Amounts due to/from related parties are shown in debtors and creditors.

DCD LONDON & MUTUAL PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

(CONTINUED...)

21. SUBSIDIARIES

The subsidiaries of the company at the Balance Sheet date were :-

<u>Name</u>	<u>Activities</u>	<u>% Holding of Ordinary Shares</u>
Chartoak Finance Ltd	Vehicle Renting, Leasing and Hire	100%
DCD Factors Plc	Invoice Discounting and Factoring	100%
DCD Properties Ltd	Property Investments	20%
Dominion Clothing Distributors Ltd	Clothing Distributors	100%
Pelham Incorporated Ltd	Property Management	100%
Revelate Ltd	Confirming and Financing International Trade	100%
Travel Express International Ltd	Travel Agents	50%
Warrenby Ltd	Confirming and Financing International Trade	100%

The company sold 100% of its shareholding in Revelate Ltd to DCD Factors Plc which is a wholly owned subsidiary.

The activities of DCD London & Mutual Plc, DCD Properties Limited and Travel Express International Limited are managed on a unified basis and therefore DCD Properties Limited and Travel Express International Limited are accounted for as subsidiaries.

All subsidiaries were incorporated in England and Wales.

22. ASSOCIATES

The associate of the group at the Balance Sheet date was:-

<u>Name</u>	<u>Activities</u>	<u>% Holding of Ordinary Shares</u>
Unicorn Childcare Ltd	Owned and Franchised Day Nurseries	50%