GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

FINANCIAL STATEMENTS 630255

30 JUNE 1988

GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

DIRECTORS

A Peart Smith (Chairman)
CM Beddow, FCA
CH Thomas, FCA
PJ Watts
DS Rothwell

SECRETARY AND REGISTERED OFFICE

CH Thomas, FCA
New Gotch House,
32/38, Scrutton Street
London EC2A 4SS

BANKERS

Lloyds Bank plc,
25, Ludgate Hill,
London EC4M 7BE

AUDITORS

Peat Marwick McLintock
1 Puddle Dock
Blackfriars
London EC4V 3PD

GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

DIRECTORS' REPORT

The directors submit their annual report and financial statements for the year ended 30 June 1988.

Principal activities

Gordon & Gotch Holdings Ltd provides finance, management and administrative services to support the activities of its subsidiary and related companies.

Results and dividends

Profit for the year after tax and extraordinary items was £1,805,812 (1987 - loss £382,329). An interim dividend of £50,000 has been paid during the year. The directors recommend a final dividend of £400,000 (1987 - £nil). The profit retained for the year is £1,355,812 (1987 - loss £382,329).

Review of business and future developments

During the year the company disposed of its investments in three subsidiary companies - Pink Computing Ltd, Ravette Ltd and Gordon & Gotch (Canada) Ltd. The company will continue to pursue its principal activities.

Share capital

The total allotted share capital of 4,570,536 ordinary 25p shares, remained unchanged throughout the year.

Subsequent event

Between 1 July 1988 and 8 November 1988, the date of approval of the financial statements by the Board of Directors, the Company disposed of its investments in Dawson, Royle & Willan Limited and Mercury Airfreight Holdings Limited. The proceeds after taxation were in excess of the book values by approximately £3,900,000.

Directors

The directors who have served during the year are as follows:

A Peart Smith	(Chairman)
CM Beddow	
CJB Scott	(resigned 7 October 1987)
CH Thomas	
PJ Watts	
DS Rothwell	(appointed 5 November 1987)

None of the directors had a material beneficial interest in any contract of significance to which the company was a party during the year.

GORDON & GOTCH HOLDINGS LIMITED
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DIRECTORS' REPORT (continued)

Change in corporate status

The company re-registered as a private company on 1 July 1988.

Directors' interests in shares of the company

According to the register kept under section 325 of the Companies Act 1985, no director had any beneficial interest in the shares of the company, or any of its subsidiaries during the year under review. As permitted by statutory instrument the register does not include particulars of holdings of directors who are also the directors of the ultimate holding company or particulars of holdings of directors who have a beneficial interest in the shares of the ultimate holding company.

Fixed assets

Movements in fixed assets during the year, are shown in note 9 to the financial statements.

Auditors

Our auditors, Peat Marwick McLintock are willing to continue in office and a resolution concerning their re-appointment and remuneration will be submitted to the annual general meeting.

By order of the board

Secretary

8 November 1988

New Gotch House,
32/38 Scrutton Street,
London
EC2A 4SS

AUDITORS' REPORT TO THE MEMBERS OF
GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

We have audited the financial statements on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 1988 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants

8 November 1988

GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of shares in related company, and in accordance with s228 and Schedule 4 to, the Companies Act 1985.

The effects of events relating to the year ended 30 June 1988 which occurred before 8 November 1988, the date of approval of the financial statements by the board of directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 June 1988 and of the results for the year ended on that date.

Consolidation

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in the United Kingdom.

Depreciation

Depreciation is provided on fixed tangible assets on a straight line basis designed to reduce book values to residual values at the end of the useful lives of the assets concerned. The rates are as follows:

Computer equipment	25%
Motor vehicles	25%
Fixtures and fittings	10%-20%

Taxation

The charge for taxation is based on the profit for the year. No provision has been made for deferred tax as the company is a member of a group which provides for deferred tax in the group accounts. The assessment of what deferred tax, if any, will become payable in the foreseeable future has not been made separately for this company.

Pension costs

The company makes payments to a pension scheme operated by a group company. Payments made to the scheme and charges against profit are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial valuations of the scheme are made every three years. The latest actuarial valuation performed at 1 April 1988 showed that the scheme was fully funded.

GORDON & GOTCH HOLDINGS LIMITED
(Formerly GORDON & GOTCH HOLDINGS PLC)

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 1988

	Notes	1988 £	9 months ended 30 June 1987 £
Turnover	1	24,600	18,450
Other operating income	2	276,693	11,387
		301,293	29,837
Less:			
Staff costs	3	(130,980)	(94,336)
Depreciation		(21,538)	(19,904)
Other operating charges		(130,448)	(120,316)
Trading profit/(loss)		18,327	(204,719)
Interest receivable and income from fixed asset investments	4	2,102,914	45,902
Interest payable	5	(238,377)	(223,512)
Profit/(loss) on ordinary activities before and after taxation	6 & 7	1,882,864	(382,329)
Extraordinary items	8	(77,052)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX AND EXTRAORDINARY ITEMS		1,805,812	(382,329)
Dividends paid and proposed		(450,000)	-
RETAINED PROFIT/(LOSS)		£ 1,355,812	£(382,329)

Movements on reserves are set out in note 15.

GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH HOLDINGS PLC)

BALANCE SHEET

As at 30 June 1988

	Notes	1988 £	30 June 1987 £
FIXED ASSETS			
Tangible assets	9	13,559	36,573
Investments	10	4,070,250	4,143,846
		4,083,809	4,180,419
CURRENT ASSETS			
Debtors	11	5,474,076	4,108,068
Cash at bank and in hand		340	340
		5,474,416	4,108,408
CREDITORS: Amounts falling due within one year	12	(3,390,307)	(3,335,106)
NET CURRENT ASSETS		2,084,109	773,302
TOTAL ASSETS LESS CURRENT LIABILITIES		6,167,918	4,953,721
CREDITORS: Amounts falling due after more than one year	13	(110,550)	(252,165)
NET ASSETS		£ 6,057,368	£ 4,701,556
CAPITAL AND RESERVES			
Called up share capital	14	1,142,634	1,142,634
Share premium	15	841,295	841,295
Revaluation reserve	15	3,095,000	3,095,000
Profit and loss account	15	978,439	(377,373)
		£ 6,057,368	£ 4,701,556

The financial statements were approved by the directors on 8 November 1988.

Director

Director

GORDON & GOTCH HOLDINGS LIMITED
(Formerly GORDON & GOTCH HOLDINGS PLC)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 30 June 1988

	1988	9 months ended 30 June 1987 £
SOURCE OF FUNDS		
Profit/(loss) on ordinary activities before tax and extraordinary items	1,882,864	(382,329)
Extraordinary items	(77,052)	-
Adjustment for items not involving the movement of funds:		
Depreciation	21,538	19,904
Profit on sale of tangible fixed assets	(1,524)	(1,013)
Total generated from/(absorbed by) operations	1,825,826	(363,438)
Funds from other sources:		
Proceeds of sales of fixed tangible assets	529,899	2,828
Proceeds of sale of fixed asset investment	73,596	-
	2,429,321	(360,610)
APPLICATION OF FUNDS		
Purchase of fixed tangible assets	(526,899)	(5,124)
Dividends paid	(850,000)	-
Decrease in creditors: amounts falling due after more than one year	(141,615)	(27,567)
	£ 910,807	£(393,301)
INCREASE/(DECREASE) IN WORKING CAPITAL		
Debtors	£([illegible])	£(46,293)
Amounts due from holding company and fellow subsidiaries	(470,183)	(21,650)
Creditors	103,824	118,288
	(367,497)	50,34[illegible]
Movement in net liquid funds:		
Bank overdraft	1,278,304	(443,646)
	£ 910,807	£(393,301)

GORDON & GOTCH HOLDINGS LIMITED
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NOTES

(forming part of the financial statements)

1 TURNOVER

Turnover is the total amount invoiced to group and related companies and is exclusive of value added tax.

2 OTHER OPERATING INCOME

	1988	9 months ended 30 June 1987
	£	£
Management commission	265,653	-
Other	11,040	11,387
	£ 276,693	£ 11,387

3 STAFF COSTS AND DIRECTORS EMOLUMENTS

	1988	9 months ended 30 June 1987
	£	£
Wages and salaries	120,137	85,245
Social security costs	8,680	6,505
Other pension costs	2,163	2,586
	£ 130,980	£ 94,336

The average number of employees during the year was made up as follows:

	Number	Number
Administration	6	6
Operations	1	1
	7	7

GORDON & GOTCH HOLDINGS LIMITED
(formerly GORDON & GOTCH [illegible]LDINGS PLC)

NOTES (continued)

3 STAFF COSTS AND DIRECTORS EMOLUMENTS (continued)

	1988	9 months ended 30 June 1987
	£	£
Directors' emoluments comprise:		
Fees	20,[illegible]3	14,802
Other emoluments (including pension contributions)	42,774	29,167
Pensions paid to past directors	8,500	11,625
	£ 71,737	£ 55,594
Emoluments (excluding pension contributions) include:		
Chairman	£ 5,856	£ 4,788
Highest paid director	£ 41,307	£ 29,551
	Number	Number
Other directors:		
£0 - £ 5,000	3	2
Emoluments other than Directors were as follows:		
£30,001 - £35,000	1	-

One director (1987: three directors) performed his duties mainly outside the UK and is not included in this scale.

4 INTEREST RECEIVABLE AND INCOME FROM FIXED ASSET INVESTMENTS

	1988	9 months ended 30 June 1987
	£	£
Interest receivable	6,781	45,902
Dividend income from subsidiaries	2,046,133	-
Dividend income from related company	50,000	-
	£ 2,102,914	£ 45,902

5 INTEREST PAYABLE

	1988	9 months ended 30 June 1987
	£	£
Bank loans and overdrafts and loan from subsidiary repayable wholly within five years	£ [illegible]8,377	£ 223,512

GORDON & GOTCH HOLDINGS LIMITED
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NOTES (continued)

6 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Profit/(loss) on ordinary activities is stated after charging:

	1988 £	9 months ended 30 June 1987 £
Auditors' remuneration	16,000	18,152

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability disclosed in the accounts for taxation on the profit for the year as the liability has been fully offset by available losses within the group.

8 EXTRAORDINARY ITEMS

	1988 £	9 months ended 30 June 1987 £
Release of accruals no longer required	89,955	-
Loss on disposal of subsidiary companies	(167,007)	-
	£(77,052)	£ -

9 TANGIBLE FIXED ASSETS

	Long Leasehold property £	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 July 1987	-	14,094	33,490	53,001	100,585
Additions	-	-	-	-	-
Intra-group transfers	526,899	-	-	-	526,899
Disposals	(526,899)	-	(7,063)	-	(533,962)
At 30 June 1988	-	14,094	26,427	53,001	93,522
Depreciation					
At 1 July 1987	-	6,362	14,455	43,195	64,012
Charge for the year	-	3,792	8,805	8,941	21,538
Eliminated on disposals	-	-	(5,587)	-	(5,587)
At 30 June 1988	-	10,154	17,673	52,136	79,963
Net book value					
At 30 June 1988	£ -	£ 3,940	£ 8,754	£ 865	£ 13,559
At 30 June 1987	£ -	£ 7,732	£ 19,035	£ 9,806	£ 36,573

GORDON & GOTCH HOLDINGS LIMITED
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NOTES (continued)

10 INVESTMENTS

	Shares in subsidiary companies	Shares in related company	Total
At 30 June 1988	£ 820,250	£ 3,250,000	£ 4,070,250
At 30 June 1987	£ 893,846	£ 3,250,000	£ 4,143,846

The principal subsidiary companies (all 100% owned and incorporated and operating in Great Britain) are:

	Activity
Directly owned:	
Dawson Royle and Willan Limited	Freight forwarding
Gordon & Gotch Computer Centre Limited	Computer bureau
Gordon & Gotch Warehouses Limited	Property holding
Owned by a subsidiary company:	
Gordon & Gotch Computer Services Limited	Computer bureau
Gotch Continuous Limited	Computer stationery
Broadcast Data Services Limited	Broadcasting computer services
AB Computerlink Limited	[illegible] preparation
Senate Computer Services Limited	Computer consultancy

During the year the company disposed of investments in the following subsidiary companies:

- Ravetta Limited
- Pink Computing Limited
- Gordon & Gotch (Canada) Limited

The related company is Mercury Airfreight Holdings Limited. The company is 50% owned, being 50% of the ordinary share capital and nil of the preference share capital in issue.

Investments in subsidiary companies are stated at cost, the investment in related company is at directors' valuation (cost £155,000).

In the opinion of the directors the investments in and amounts due from the company's subsidiaries are worth at least the amounts at which they are stated in the financial statements.

NOTES (continued)

11 DEBTORS

Amounts falling due within one year:

	1988 £	30 June 1987 £
Amounts due from subsidiary companies	153,547	302,883
Proposed dividends receivable	1,116,133	-
Amounts due from holding company	4,179,695	3,780,346
Amounts due from related companies	1,792	1,917
Other debtors	12,676	16,262
Prepayments	9,964	6,391
Certificate of tax deposit	269	269
	£ 5,474,076	£ 4,108,068

12 CREDITORS

Amounts falling due within one year:

	1988 £	30 June 1987 £
Bank overdraft	273,612	1,551,916
Amounts due to subsidiary companies	2,519,600	697,910
Amounts due to ultimate holding company	14,639	-
Amounts due to related company	559	559
Corporation tax	13,154	13,154
Other taxes and social security costs	36,402	76,077
Accruals	112,341	195,490
Proposed dividend	400,000	800,000
	£ 3,390,307	£ 3,335,106

The company has issued a debenture in favour of the Group's bankers effective 12 October 1987, creating a charge on all its assets present and future to secure the bank overdraft facility for the Group.

NOTES (continued)

13 CREDITORS

Amounts falling due after more than one year:

	1988 £	30 June 1987 £
Accruals, repayable within five years	110,550	252,165

14 CALLED UP SHARE CAPITAL

	1988 £	30 June 1987 £
Authorised 5,000,000 ordinary shares of 25p each	1,250,000	1,250 000
Allotted, called up and fully paid 4,570,536 ordinary shares of 25p each	1,142,634	1,142,634

15 RESERVES

	Share premium £	Revaluation reserve £	Profit and loss account £
At 30 June 1987	841,295	3,095,000	(377,373)
Retained profit for the year	-	-	1,355,812
At 30 June 1988	£ 841,295	£ 3,095,000	£ 978,439

NOTES (continued)

16 CONTINGENT LIABILITIES

The company and some of its subsidiaries have given a guarantee to its bankers in respect of the group's net indebtedness to them.

There is a contingent liability in respect of indemnities and warranties issued by the company in connection with the sale of Ravette Limited and Pink Computing Limited.

17 HOLDING COMPANY

The ultimate holding company is Gordon & Gotch Ltd a company incorporated in Great Britain.

18 SUBSEQUENT EVENT

Between 1 July 1988 and 8 November 1988, the date of approval of the financial statements by the board of directors, the Company disposed of its investments in Dawson Royle & Willan Limited and Mercury Airfreight Holdings Limited. The proceeds after taxation were in excess of the book values by approximately £3,900,000.