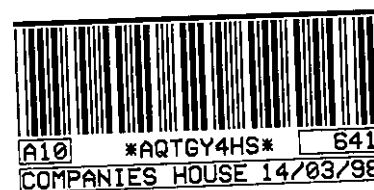


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Directors and advisors

DIRECTORS	P Dewe-Mathews R Lywood R Baguley
SECRETARY	M Osborne
HEAD OFFICE	North Heath Chieveley Berkshire, RG20 8UD
AUDITORS	Arthur Andersen St Pauls House Park Square Leeds, LS1 2PJ
STOCKBROKERS AND NOMINATED ADVISOR	Peel, Hunt and Company Ltd Carlton Tower St Paul's Street Leeds, LS1 2QB
BANKERS	Barclays Bank plc Pall Mall Corporate Group 50 Pall Mall London, SW1A 1QF
SOLICITORS	Dibb, Lupton Alsop 125 London Wall London, EC2Y 5AE
REGISTERED OFFICE	Gossard House 7-8 Savile Row London, W1X 1AF
REGISTRARS	IRG plc Balfour House 390/398 High Road Ilford Essex, IG1 1NQ

Chairman's statement

Results

The profit after taxation for the year to 30 September 1997 was £133,000 compared with £131,000 in the previous year.

The earnings per share, however, reduced from 8.7p to 5.8p largely as a result of delays in investing the new equity raised and the costs of increasing our overhead base to support our planned expansion. The Directors are able to propose a final dividend of 3p per share payable on 6 March 1998 to shareholders on the register at 30 January 1998, making a total dividend for the year of 6p.

The group's homes were revalued on 30 September 1997 by Chesterton plc, Chartered Surveyors at £5.3 million, resulting in a revaluation surplus of £252,000.

Review of the year

In February 1997 we purchased Morton Close Nursing Home for £1.45 million and in May we purchased Allambie Court Nursing Home for £820,000 and Nightingale Residential Home for £350,000. These acquisitions bring our portfolio up to 213 beds.

Average occupancy rates for nursing homes throughout the UK in early 1997 were estimated at 83%. In comparison we have been able to outperform this by achieving an average of 87% in the year to September 1997. The keys to the successful operation of any nursing home are high standards of care and strict financial controls. We implement these through our Matrons, with the support of our central management team and our system of daily, weekly and monthly monitoring. In the spring of 1997 we extended the team by recruiting our Director of Nursing, Amanda Deane, and our Financial Controller, Mark Osborne.

At a unit level we operate on the basis that our Matrons are the line managers who are, in the first instance, responsible for achieving high levels of occupancy and for the overall performance of their homes. Our faith in them is demonstrated by their capacity to outperform average industry occupancy and I would like to take this opportunity to thank them and all their staff for their efforts.

Current Year

In the three months to 31 December 1997 we have made a further improvement in occupancy rates to an average of 88%.

We should achieve enhanced earnings in the current year with a full year's contribution from last year's acquisitions and with the infra-structure we built last year, we have a base on which to develop further our strategy to become a significant player in the long term care industry.

Future Prospects

There has been a decline in occupancy rates of the nursing home industry since the introduction of the Community Care Act in 1993, which is said to be due to Government financial constraints. However that much quoted statement warrants further explanation.

As a result of the implementation of the Community Care Act, control of government funding for long term care was passed from health to local authority social services. Social services have attempted to keep within their budgetary constraints by encouraging people to stay in their own homes and/or to leave the more dependent in NHS hospitals.

This resource conflict has caused "bed blocking" which has been a major contributory factor to the increase of NHS waiting lists. Also the taxpayer is effectively overpaying because the cost of an NHS bed is significantly greater than that in a nursing home.

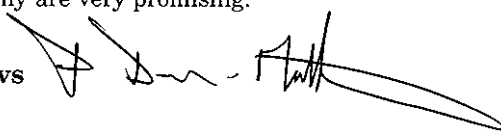
As Frank Dobson, the Secretary of State for Health, said when announcing an extra £300 million to alleviate waiting lists "It is part of the Government's long term strategy to modernise the health service and knock down the 'Berlin Wall' that separates health and social services".

For these reasons, and the continued projected rise in the population aged over 85, we believe the need for greater provision in time is inevitable. Therefore the fundamentals for the industry and the long term prospects for our company are very promising.

Peter Dewe-Mathews

Chairman

29 January 1998



Directors' report

For the year ended 30 September 1997

Financial Statements

The directors present their report and the audited financial statements for the year ended 30 September 1997.

Principal activities and review of the business

The principal activity of the company is the owning and managing of nursing homes. The directors consider the results to be satisfactory and are confident about the company's future prospects.

On 14 February 1997 the company completed the purchase of Morton Close Nursing Home, a 65 bed nursing home in West Yorkshire for £1.45 million in cash.

On 9 May 1997 the company completed the purchase of Allambie Court Nursing Home, a 30 bed nursing home in North Warwickshire for £820,000 in cash, and the Nightingale Rest Home, a 21 bed residential home in Bradford for £350,000 in cash.

These acquisitions fit in with the company's strategy of acquiring "traditional type" homes.

Results and dividends

The profit for the year after taxation amounted to £133,000. The directors recommend that this amount be dealt with as follows:

	£'000
Ordinary dividend - interim paid 3p per share	68
Ordinary dividend - final proposed 3p per share	68
Transfer from reserve	(3)
	<hr/> 133

Substantial shareholders

At the date of this report, the company had been notified of the following interests of 3% or more in its issued share capital:

	Number of Ordinary Shares	Percentage of issued share capital
BEST Investment Leisure plc	271,900	11.9%
P Dewe - Mathews	90,000	3.9%
R H Burchett	80,000	3.5%

Directors and directors' interests in shares

The directors who held office during the year and their interests in the shares of the company at 30th September 1997 were as follows:

	30 September 1997	30 September 1996
	Beneficial	Beneficial
Peter Dewe-Mathews	90,000	90,000
Rupert Lywood	1	1
Roy Baguley	5,000	5,000

There are no non-beneficial shareholdings.

Statement of 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 group and of the company and of the profit of the group 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; and
- 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.

Directors' report

(Continued)

Auditors' responsibilities

The auditors are required to form an opinion on the financial statements presented by the Directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires the auditors to report to the shareholders if the following requirements are not met:

- that the companies in the Group have maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that the Directors' emoluments and other transactions with Directors are properly disclosed in the financial statements ; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of the audit.

The Companies Act 1985 requires the auditors to report to shareholders if the matters covered in the directors' report are inconsistent with the financial statements.

Going concern

After making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

As the group grows, the Directors intend that the Company should develop policies and procedures which reflect the Code of Best Practice as published by the Committee on the Financial Aspects of Corporate Governance commonly known as "the Cadbury Report", insofar as is appropriate for a Company of this size.

Policy on payments to suppliers

The Company's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received. This policy is made known to the staff who handle payments to suppliers and is made known to all suppliers on request. Trade creditors of the company at 30 September 1997 expressed in relation to the total amounts invoiced by suppliers for services during the year were equivalent to 63 days.

Auditors

On 6 January 1998, Binder Hamlyn resigned as auditors. On that date, the directors appointed Arthur Andersen to fill the casual vacancy. A resolution proposing that Arthur Andersen be re-appointed as auditors of the company will be put to the Annual General Meeting.

Close company provision

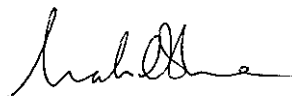
The Directors have been advised that the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

By Order of the Board

Mark Osborne

Secretary

29 January 1998



Auditors' report

To the members of Matrix Healthcare plc

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets on the basis of the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

As described on page 4 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 and group as at 30 September 1997 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

St Pauls House

Park Square

Leeds LS1 2PJ

29 January 1998

Group profit and loss account

For the year ended 30 September 1997

	Notes	1997 £'000	1996 £'000
Turnover	2		
- Continuing activities		1,284	1,164
- Acquisitions		855	-
- Total		<u>2,139</u>	<u>1,164</u>
Cost of sales		(1589)	(836)
Gross profit		<u>550</u>	<u>328</u>
Administrative expenses		(268)	(132)
Operating profit	3		
- Continuing activities		167	196
- Acquisitions		115	-
- Total		<u>282</u>	<u>196</u>
Income from interests in associated undertaking		-	5
Other interest receivable and similar income	6	41	52
Interest payable and similar charges	6	(156)	(68)
Profit on ordinary activities before taxation		<u>167</u>	<u>185</u>
Tax on profit on ordinary activities	7	(34)	(54)
Profit on ordinary activities after taxation		<u>133</u>	<u>131</u>
Equity dividend	8	(136)	(95)
Retained (loss)/profit for the year		<u>(3)</u>	<u>36</u>
Earnings per share	9	<u>5.8p</u>	<u>8.7p</u>

Statement of total recognised gains and losses

For the year ended 30 September 1997

	1997 £000	1996 £000
Profit for the financial year	133	131
Revaluation of fixed assets	252	261
Total gains recognised during year	<u>385</u>	<u>392</u>

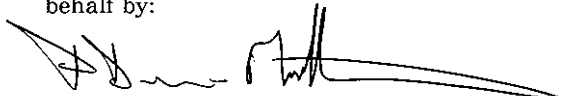
The notes on pages 11 to 15 form an integral part of these financial statements

Group balance sheet

As at 30 September 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	10	5,300	2,410
		<u>5,300</u>	<u>2,410</u>
Current assets			
Stocks	12	9	5
Debtors	13	242	118
Cash at bank and in hand		168	1,331
		<u>419</u>	<u>1,454</u>
Creditors: amounts falling due within one year	14	(543)	(367)
Net current assets		<u>(124)</u>	<u>1,087</u>
Total assets less current liabilities		<u>5,176</u>	<u>3,497</u>
Creditors: amounts falling due after more than one year	15	(2,377)	(887)
Net assets		<u>2,799</u>	<u>2,610</u>
Capital and reserves			
Called up share capital	18	1,142	1,142
Share premium account	19	1,242	1,242
Revaluation reserve	19	513	261
Goodwill write off reserve	19	(343)	(283)
Profit and loss account	19	245	248
Equity shareholders' funds		<u>2,799</u>	<u>2,610</u>

The financial statements on pages 7 to 15 were approved by the Board on 29 January 1998 and signed on its behalf by:



Peter Dewe-Mathews
Director

The notes on pages 11 to 15 form an integral part of these financial statements

Company balance sheet

As at 30 September 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	10	5,300	2,410
		<u>5,300</u>	<u>2,410</u>
Current assets			
Stocks	12	9	5
Debtors	13	323	148
Cash at bank and in hand		168	1,331
		<u>500</u>	<u>1,484</u>
Creditors: amounts falling due within one year	14	(624)	(448)
Net current assets		<u>(124)</u>	<u>1,036</u>
Total assets less current liabilities		<u>5,176</u>	<u>3,446</u>
Creditors: amounts falling due after more than one year	15	(2,377)	(887)
		<u>2,799</u>	<u>2,559</u>
Capital and reserves			
Called up share capital	18	1,142	1,142
Share premium	19	1,242	1,242
Revaluation reserve	19	383	131
Goodwill write off reserve	19	(210)	(150)
Profit and loss account	19	242	194
Equity shareholders' funds		<u>2,799</u>	<u>2,559</u>

The financial statements on pages 7 to 15 were approved by the Board on 29 January 1998 and signed on its behalf by:



Peter Dewe-Mathews
Director

The notes on pages 11 to 15 form an integral part of these financial statements

Group cashflow statement

For the year ended 30 September 1997

	Notes	1997 £'000	1996 £'000
Net cash inflow from operating activities	22	348	243
Return on investment and servicing of finance	23	(115)	(16)
Tax paid		(52)	(10)
Capital expenditure and financial investment	23	(78)	(286)
Acquisitions	23	(2,680)	(47)
Equity dividends paid		(137)	(26)
Cash outflow before financing		(2,714)	(142)
Financing			
Issue of share capital		-	1,434
Repayment of existing loans		(152)	(93)
Bank loans due beyond one year		1,703	-
(Decrease)/increase in cash during the year		(1,163)	1,199
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash during the year		(1,163)	1,199
Cash (inflow)/outflow from (increase)/decrease in debt		(1,551)	93
Net debt on acquisition of subsidiary undertaking		-	(400)
Movement in net debt during the year	24	(2,714)	892
Net debt at 1 October 1996	24	315	(577)
Net debt at 30 September 1997	24	(2,399)	315

Notes to the financial statements

For the year ended 30 September 1997

1 Accounting policies

The principal accounting policies of the group are set out below and have been applied consistently throughout the current and preceding year except for the policy with respect to goodwill as detailed below-

a) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Acquisitions are accounted for under the acquisition method of accounting. Where the fair value of the consideration exceeds the fair value of the separable net assets of the acquired business, the difference is treated as goodwill on acquisition and written off to reserves. Where the fair value of the separable net assets of the acquired business exceeds the fair value of the consideration, the difference is treated as a capital reserve on consolidation.

b) Basis of Consolidation

The group financial statements consolidate the financial statements of Matrix Healthcare PLC and its subsidiary undertakings made up to 30th September each year.

c) Turnover

Turnover is exempt from value added tax and represents fees receivable from clients.

d) Tangible Fixed Assets and Depreciation

Tangible assets are stated at cost or valuation plus any incidental costs of acquisition. Depreciation is provided on all assets other than freehold land at 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%
Equipment and furnishings	10%

e) Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is arrived at as purchase cost on a first in first out basis. Net realisable value is based on estimated selling price.

f) Deferred Taxation

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. Segmental information

The directors regard the Group as carrying on one class of business being the provision of private nursing home facilities within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	1997 £'000	1996 £'000
Depreciation of tangible fixed assets		
- freehold properties	33	23
- equipment and furnishings	27	18
Auditors' remuneration		
- audit fee	18	15
- non audit services	6	6

Included within cost of sales and administrative expenses are £633,000 and £107,000 respectively relating to acquisitions.

4. Directors

Directors' emoluments:

- Chairman	25	18
- Other directors	14	14

5. Employees

	1997 £'000	1996 £'000
(a) Employment costs		
Wages and salaries	1,155	403
Social security costs	72	25
	<u>1,227</u>	<u>428</u>

Notes to the financial statements

(continued)

5. Employees (continued)

(b) Number of employees

The average number of whole time equivalent personnel employed by the Group (excluding directors) during the year was 156 (1996:73)

6. Interest

(a) Interest receivable

From others

From associated undertaking

1997

£'000

41

-

41

1996

£'000

39

13

52

(b) Interest payable

On bank loans and overdrafts repayable wholly or partly in more than 5 years

156

68

7. Taxation

UK Corporation Tax at 23.5% (1996:24.5%)

Associated undertakings

Deferred taxation

43

-

(9)

34

53

1

-

54

8. Dividend

Interim dividend of 3.0p (1996:3.75p) net per ordinary share - paid

Final dividend of 3.0p (1996:3.0p) net per ordinary share - proposed

68

68

136

26

69

95

9. Earnings per share

Earnings per share have been calculated by dividing profit on ordinary activities after taxation of £133,000 (1996: £131,000) by the weighted average number of shares in issue during the year of 2,283,422 (1996: 1,509,576).

10. Tangible fixed assets

	Freehold land and buildings £'000	Equipment and furnishings £'000	Total £'000
Group and Company			
Cost/Valuation			
1st October 1996	2,200	210	2,410
Assets acquired	2,520	100	2,620
Additions	18	60	78
Revaluation	195	-	195
30th September 1997	4,933	370	5,303
Depreciation			
1st October 1996	-	-	-
Charge for the year	33	27	60
Revaluation	(33)	(24)	(57)
30th September 1997	-	3	3
Net book value			
30th September 1996	2,200	210	2,410
30th September 1997	4,933	367	5,300
Historical cost net book value			
30th September 1996	1,975	174	2,149
30th September 1997	4,483	307	4,790

Included in freehold land and buildings is land of £1,170,000 (1996:£500,000) which is not subject to a depreciation charge.

Included in cost/valuation is equipment at cost of £23,000 (1996: £10,000).

The group's nursing homes were revalued on 30 September 1997 on an open market value by Chesterton plc, Chartered Surveyors, in accordance with the current edition of the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

Notes to the financial statements

(continued)

11. Fixed Asset Investments

The Group has the following non-trading subsidiary undertakings both of which are registered in England & Wales.

Name	Description of shares held	Proportion held
Barleyglow Ltd	Ordinary Shares	100%
The Knoll Nursing Home Ltd	Ordinary Shares	100%

12. Stocks

	1997 £'000	1996 £'000
Group and Company		
Consumables and medical supplies	9	5

13. Debtors

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade debtors	146	89	146	89
Other debtors	23	-	23	-
Dividend receivable from subsidiary	-	-	51	-
Amounts owed by subsidiary undertakings	-	-	30	30
Advance corporation tax recoverable	36	14	36	14
Prepayments	37	15	37	15
	<u>242</u>	<u>118</u>	<u>323</u>	<u>148</u>

14. Creditors: Amounts falling due within one year

Bank loans	190	129	190	129
Trade creditors	68	28	68	28
Other taxes and social security costs	31	14	31	14
Accruals	103	47	103	47
Corporation Tax	49	63	49	63
Advance corporation tax payable	34	17	34	17
Amounts owed to subsidiary undertakings	-	-	81	81
Proposed dividend	68	69	68	69
	<u>543</u>	<u>367</u>	<u>624</u>	<u>448</u>

15. Creditors: Amounts falling due after more than one year

	1997 £'000	1996 £'000
Group and Company		
Bank loan (see note 16)	2,377	887

16. Bank Loans

Between one and two years	204	133
Between two and five years	696	439
In five years or more	1,477	315
	<u>2,377</u>	<u>887</u>

The bank loans and overdrafts are secured by fixed charges on the group's properties and floating charges over the assets of the group.

The interest rate on loans amounting to £1,115,000 (1996:£1,016,000) are 2% to 2.5% above LIBOR.

The interest rate on a loan amounting to £923,000 (1996:£Nil) is fixed at 9.24% until February 2002.

The interest rate on a loan amounting to £529,000 (1996:£Nil) is fixed at 9.31% until May 2002.

17. Deferred Tax

Provided	1997 £'000	1996 £'000
Group and Company		
Accelerated capital allowances	-	9
Advance corporation tax available for off set	-	(9)
	<u>-</u>	<u>-</u>
Deferred tax not provided at 30%	29	-

Notes to the financial statements

(continued)

18. Called up Share Capital

	1997 £'000	1996 £'000
(a) Authorised 5,000,000 (1996:5,000,000) ordinary shares of 50p each	2,500	2,500
(b) Allotted and fully paid 2,283,422 (1996:2,283,422) ordinary shares of 50p each	1,142	1,142

19. Reserves

	Revaluation Reserve £'000	Goodwill Reserve £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
(a) Group:					
1st October 1996	261	(283)	1,242	248	1,468
Goodwill arising on acquisition of unincorporated businesses	-	(60)	-	-	(60)
Revaluation of tangible fixed assets	252	-	-	-	252
Retained profit for year	-	-	-	(3)	(3)
30th September 1997	513	(343)	1,242	245	1,657
Company:					
1st October 1996	131	(150)	1,242	194	1,417
Goodwill arising on acquisition of unincorporated businesses	-	(60)	-	-	(60)
Revaluation of tangible fixed assets	252	-	-	-	252
Retained profit for year	-	-	-	48	48
30th September 1997	383	(210)	1,242	242	1,657

20. Reconciliation of Shareholders Funds

	1997 £'000	1996 £'000
Opening shareholders' funds	2,610	656
Issue of shares, net of issue costs	-	1,790
Goodwill arising on acquisition of subsidiary undertaking	-	(133)
Goodwill arising on acquisition of unincorporated businesses	(60)	-
Profit for the year	133	131
Dividends	(136)	(95)
Revaluation of tangible fixed assets	252	261
Closing shareholders' funds	2,799	2,610

21. Profit of Parent Company

The profit on ordinary activities after taxation dealt with in the financial statements of the parent company was £184,000 (1996:£289,000). As permitted by the Companies Act 1985, a separate profit and loss account for the parent company has not been presented.

22. Reconciliation of operating profit to operating cash flows

	1997 £'000	1996 £'000
Operating profit	282	196
Depreciation	60	41
Increase in stocks	(4)	(1)
(Increase)/decrease in debtors	(102)	10
Increase/(decrease) in creditors	112	(3)
Net cash inflow from operating activities	348	243

Notes to the financial statements

(continued)

23. Analysis of cash flows for headings netted in the cash flow

	1997 £'000	1996 £'000
Returns on investments and servicing of finance		
Interest received	41	52
Interest paid	(156)	(68)
	<u>(115)</u>	<u>(16)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	78	22
Loan to a participating interest	-	264
	<u>78</u>	<u>286</u>
Acquisitions		
Purchase of subsidiary undertaking	-	47
Acquisition of unincorporated businesses	2,680	-
	<u>2,680</u>	<u>47</u>

24. Analysis of net debt

	At 1 October 1996 £'000	Cash Flow £'000	At 30 September 1997 £'000
Cash at bank and in hand	(1,331)	1,163	(168)
Bank loans due after one year	887	1,490	2,377
Bank loans due within one year	129	61	190
	<u>(315)</u>	<u>2,714</u>	<u>2,399</u>

25. Acquisitions of unincorporated businesses

	Book Value £'000	Revaluations £'000	Fair value £'000
The group acquired the following homes during the year:			
Morton Close Nursing Home	1,546	(96)	1,450
Allambie Court Nursing Home	820	-	820
Nightingale Residential Home	186	164	350
	<u>2,552</u>	<u>68</u>	<u>2,620</u>
			£'000
The acquisitions were satisfied as follows:			
Cash consideration			2,620
Acquisition expenses			60
			<u>2,680</u>

During the year, the businesses acquired contributed £142,000 to the net cash inflow from operations, paid £81,000 in respect of the return on investment and the servicing of finance, paid nil taxation and paid £9,000 in respect of investing activities.

26. Related Party Transactions

The company pays £4,200 per annum to Mrs P J Dewe-Mathews (the wife of P Dewe-Mathews) for rent of the company's head office.

During the year, £14,100 was paid to a company of which R Lywood is a Director for general financial advice.

Notice of the annual general meeting

Notice is hereby given that the annual general meeting of the Company will be held at Gossard House, 7/8 Savile Row, London W1X 1AF on 4 March 1998 at 11.30 am for the following purposes.

Ordinary Business


- 1 To receive and adopt the Directors' report and financial statements of the Company for the year ended 30th September 1997 together with the auditors' report thereon.
- 2 To declare the final dividend on the ordinary shares, as recommended by the Directors.
- 3 Special notice has been given to the Company pursuant to Section 388(3)(b) of the Companies Act 1985 to propose the following resolution:

To re-appoint Arthur Andersen as auditors to the Company to hold office until the conclusion of the next general meeting before which accounts are laid, and to authorise the Directors to set their remuneration.

- 4 To re-appoint Peter Dewe-Mathews as a Director.

By Order of the Board

Mark Osborne
Secretary



29 January 1997

Registered Office

Gossard House
7 - 8 Savile Row
London W1X 1AF

Note A person entitled to receive notice of, and attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be deposited with the Company's Registrars, IRG plc at Balfour House, 390/398 High Road, Ilford, Essex, IG1 1NQ not later than 48 hours before the time appointed for the meeting or adjourned meeting. Completion and return of the form of proxy will not prevent the holder from attending the meeting and voting in person should he wish to do so.