

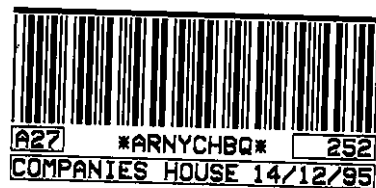
Carlton (UK) Retail Ltd

Financial Statements (Unaudited)

28 February 1995

Registered No. FC017922

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Carlton (UK) Retail Ltd

PROFIT AND LOSS ACCOUNT

for the year ended 28 February 1995

	<i>Notes</i>	<i>1995</i> <i>£</i>
TURNOVER		
Continuing operations		17,251,850
Cost of sales		<u>19,712,928</u>
GROSS LOSS		<u>(2,461,078)</u>
Administrative expenses		<u>937,606</u>
OPERATING LOSS	3	<u>(3,398,684)</u>
Interest payable	4	<u>912,647</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,311,331)</u>
Taxation	5	<u>-</u>
LOSS FOR THE YEAR		<u><u>(4,311,331)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


There are no recognised gains or losses other than the loss attributable to shareholders of £4,311,331 in the year ended 28 February 1995.

Carlton (UK) Retail Ltd

BALANCE SHEET

at 28 February 1995

	Notes	1995 £
FIXED ASSETS		
Intangible assets	6	3,124,881
Tangible assets	7	3,787,486
		<u>6,912,367</u>
CURRENT ASSETS		
Stocks	8	4,270,078
Debtors	9	4,753,111
Cash at bank and in hand		2,050,706
		<u>11,073,895</u>
CREDITORS: amounts falling due within one year	10	<u>(10,948,036)</u>
NET CURRENT ASSETS		<u>125,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,038,226</u>
CREDITORS: amounts falling due after more than one year	11	<u>(11,348,884)</u>
EXCESS OF LIABILITIES OVER ASSETS		<u><u>(4,310,658)</u></u>
CAPITAL AND RESERVES		
Called up share capital	13	673
Profit and loss account	14	(4,311,331)
		<u>(4,310,658)</u>


G M Fryer - Director

NOTES TO THE ACCOUNTS

at 28 February 1995

1. FUNDAMENTAL ACCOUNTING CONCEPT

The company is dependent upon the continued support of its parent company and fellow subsidiary undertakings. The directors believe that this support will continue and that it is therefore appropriate to prepare the accounts on a going concern basis. However, should continuing support not be available, the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for further liabilities which might arise and to reclassify fixed assets as current assets.

2. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and are in accordance with US Generally Accepted Accounting Principles. All values are expressed in £UK. Carlton (UK) Retail Ltd has taken advantage of exemptions given by the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being written off in equal annual instalments over the directors' estimate of its useful life.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Short leasehold	-	equal annual instalments over the period of the lease
Leasehold improvements	-	over the shorter of the period of the lease and 10 years
Motor vehicles	-	3 years
Shop fixtures and fittings	-	3 to 8 years
Computer equipment	-	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowances for any obsolete or slow moving items.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Leasehold properties

The leases on premises are treated as operating leases with the premiums and associated legal costs being capitalised as a tangible asset and amortised. Rentals payable are charged to income on a straight line basis over the lease term.

Pensions

The group operates a defined contribution pension scheme whose assets are independent of the group's finances. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NOTES TO THE ACCOUNTS

at 28 February 1995

3. OPERATING LOSS

This is stated after charging:

	1995 £
Depreciation of fixed assets	938,041
Amortisation	346,174
Operating lease rentals - plant and machinery	4,328,679
- land and buildings	87,972
Rental income	87,972
Loss on disposal of tangible fixed assets	134,273
	<u> </u>

4. INTEREST PAYABLE

	1995 £
Bank interest	710,658
Group interest	201,989
	<u> </u>
	<u>912,647</u>

5. TAXATION

There is no liability to corporation tax arising on the results for the year.

6. INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise	Goodwill £
Cost:	
Additions	3,471,055
At 28 February 1995	<u>3,471,055</u>
Amortisation:	
Provided during the year	346,174
At 28 February 1995	<u>346,174</u>
Net book value:	
At 28 February 1995	<u>3,124,881</u>

NOTES TO THE ACCOUNTS

at 28 February 1995

7. TANGIBLE FIXED ASSETS

	<i>Short leasehold premises £</i>	<i>Fixtures, fittings and equipment £</i>	<i>Total £</i>
Cost:			
Additions	3,219,514	1,640,287	4,859,801
Disposals	(176,201)	(105,654)	(281,855)
At 28 February 1995	<u>3,043,313</u>	<u>1,534,633</u>	<u>4,577,946</u>
Depreciation:			
Provided during the year	371,838	566,203	938,041
Disposals	(73,076)	(74,505)	(147,581)
At 28 February 1995	<u>298,762</u>	<u>491,698</u>	<u>790,460</u>
Net book value:			
At 28 February 1995	<u>2,744,551</u>	<u>1,042,935</u>	<u>3,787,486</u>

8. STOCKS

	<i>1995 £</i>
Goods for resale	<u>4,270,078</u>

9. DEBTORS

	<i>1995 £</i>
Trade debtors	117,127
Amounts owed by immediate parent undertaking	673
Amounts owed by fellow subsidiary undertakings	4,040,858
Other debtors	38,197
Prepayments and accrued income	556,256
	<u>4,753,111</u>

NOTES TO THE ACCOUNTS

at 28 February 1995

10. CREDITORS: amounts falling due within one year

	1995 £
Trade creditors	499,066
Amount owed to fellow subsidiary undertakings	9,732,357
Other taxes and social security costs	159,783
Accruals and deferred income	556,830
	<u>10,948,036</u>

The fellow subsidiaries undertakings have agreed not to recall amounts advanced to the company until all other creditors have been met.

11. CREDITORS: amounts falling due after more than one year

	1995 £
Wholly repayable within five years:	
Bank loan	<u>11,348,884</u>

12. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	1995 £
Capital allowances in advance of depreciation	(146,986)
Other differences in recognising revenue and expense items in other periods for taxation purposes	<u>146,986</u>
	<u>-</u>

There is no deferred tax which has not been provided.

There are tax losses available to carry forward and offset against future taxable profits, the tax effect of which amounts to £714,000 at the current rate of corporation tax.

13. CALLED UP SHARE CAPITAL

	<i>Authorised 1995 No.</i>	<i>Allotted, called up and fully paid 1995 £</i>
Ordinary shares of £1 each	<u>2,019</u>	<u>673</u>

NOTES TO THE ACCOUNTS

as at 28 February 1995

14. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
Issue of share capital	673	-	673
Loss for the year	-	(4,311,331)	(4,311,331)
At 28 February 1995	<u>673</u>	<u>(4,311,331)</u>	<u>(4,310,658)</u>

15. OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i> £	<i>1995 Plant and machinery</i> £
Operating leases which expire:		
within one year	-	15,549
within two to five years	247,600	27,962
in over five years	3,965,642	-
	<u>4,213,242</u>	<u>43,511</u>

16. CAPITAL COMMITMENTS

	<i>1995 £</i>
Contracted	-
Authorised by the directors but not contracted	<u>333,000</u>

17. PARENT UNDERTAKINGS AND ULTIMATE PARENT COMPANY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is American Greetings Corporation, incorporated in the United States of America, which is also the company's ultimate parent company. Copies of American Greetings Corporation's accounts can be obtained from American Greetings Corporation, One American Road, Cleveland, Ohio 44144, USA.