

Group Profit and Loss Account

for the year ended 31st March 2000

notes	2000 £'000	2000 £'000	1999 £'000	1999 £'000
1 Turnover				
Continuing operations	198,446		208,378	
Discontinued operations	44		420	
		198,490		208,798
Cost of sales		(184,616)		(191,244)
		13,874		17,554
Gross profit		(3,519)		(3,453)
Distribution costs		(10,865)		(12,031)
Administrative expenses				
2 Operating (loss)/profit				
Continuing operations	(483)		4,287	
Discontinued operations	(27)		(2,217)	
		(510)		2,070
Loss on sale and leaseback of properties		(537)		-
3 Profit/(loss) on termination of operations		218		(9,639)
		(829)		(7,569)
Loss on ordinary activities before interest				
5 Investment income		1,340		2,184
6 Interest payable		(41)		(109)
		470		(5,494)
1 Profit/(loss) on ordinary activities before taxation				
7 Taxation		(323)		289
		147		(5,205)
Profit/(loss) on ordinary activities after taxation				
8 Dividends		-		(2,366)
		147		(7,571)
17 Profit/(loss) for the financial year				
8 Earnings per share – basic		0.09p		(3.21)p
– diluted		0.09p		(3.21)p

There were no recognised gains or losses other than those stated above.

Balance Sheets

as at 31st March 2000

notes	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Fixed assets				
9 Intangible assets	-	-	-	-
10 Tangible assets	10,276	13,925	1,552	791
11 Investments	2	2	10,189	10,162
	10,278	13,927	11,741	10,953
Current assets				
12 Stocks	1,463	2,587	-	-
13 Debtors – due within one year	17,016	14,428	20,352	24,625
– due in more than one year	56	131	56	131
Cash and bank balances	766	771	-	2
	19,301	17,917	20,408	24,758
14 Creditors – amounts falling due within one year	(35,004)	(37,649)	(29,545)	(29,596)
Net current liabilities	(15,703)	(19,732)	(9,137)	(4,838)
Total assets less current liabilities	(5,425)	(5,805)	2,604	6,115
15 Provisions for liabilities and charges	(267)	(34)	(78)	(6)
	(5,692)	(5,839)	2,526	6,109
Capital and reserves				
16 Called up share capital	3,249	3,249	3,249	3,249
17 Share premium account	806	806	806	806
17 Profit and loss account	(9,747)	(9,894)	(1,529)	81
17 Unrealised reserves	-	-	-	1,973
	(5,692)	(5,839)	2,526	6,109

Approved by the board of directors and signed on its behalf on 27th July 2000.

P. R. Johnson
Chairman

Group Cash Flow Statement

for the year ended 31st March 2000

notes	2000 £'000	2000 £'000	1999 £'000	1999 £'000
19 Net cash flow from operating activities		2,892		3,745
Returns from investments and servicing of finance				
Interest received	1,336		2,177	
Interest paid	(41)		(117)	
		1,295		2,060
Corporation tax paid		(453)		(2,201)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,815)		(3,373)	
Sale of tangible fixed assets	4,305		138	
		1,490		(3,235)
Equity dividends paid		(2,356)		(3,054)
Cash inflow/(outflow) before use of liquid resources and financing		2,868		(2,685)
Financing				
Issue of ordinary share capital		-		150
20 Increase/(decrease) in cash		2,868		(2,535)

Accounting Policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and comply with applicable accounting standards. The accounting policies have been applied consistently and have been supported by reasonable and prudent judgements and estimates.

(b) Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertakings up to 31st March 2000. Intergroup sales and profits are eliminated on consolidation. As permitted by section 230 (3) of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented.

(c) Intangible fixed assets

Acquired goodwill, being the difference between the consideration and the fair value of net assets acquired, which arises on transactions after 1st April 1998, is capitalised and amortised over its estimated useful life. Prior to this date it was eliminated through reserves.

(d) Tangible fixed assets and depreciation

Depreciation is charged on cost by equal annual instalments over the anticipated useful life of assets as follows:

Freehold land	nil
Freehold buildings	2 – 2.5%
Short leaseholds	Over unexpired term of lease
Equipment and fixtures	10 – 20%
Motor vehicles	25%

(e) Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined by the 'first in, first out' method and is based on purchase price. Finished goods stock and work in progress include attributable production overheads. Net realisable value is based on estimated selling price less cost of disposal.

(f) Debtors – home collected credit

Trade debtors include the aggregate amounts outstanding under home collected credit agreements less outstanding charges thereon. The latter are released to the profit and loss account using the 'sum of the digits' method as instalments are received from

customers. Provision for doubtful debts is made on an ongoing basis by reference to the non-collection of instalments due.

(g) Prepayments

Promotional expenditure incurred at the accounting date relating to the following season's sales is carried forward as prepaid expenditure and charged against the next year's income.

(h) Unredeemed vouchers

Unredeemed vouchers are included in trade creditors at the face value of vouchers outstanding less the estimated discount payable by retailers on redemption and after excluding the value of vouchers which it is estimated will never be presented for redemption.

(i) Deferred taxation

Deferred taxation is provided in respect of the tax effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

(j) Foreign currencies

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences are included in operating profit.

(k) Pensions

The costs of providing pensions for employees are charged in the profit and loss account over the average working lives of employees in accordance with the recommendations of the actuary to the group pension schemes.

Any funding surpluses or deficits that may arise from time to time are amortised as a fixed annual amount over the average remaining working lives of pensionable employees.

The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(l) Financial instruments

The group's financial instruments, in which it does not trade or deal, are carried at their fair value.

Notes to the Accounts

1 Segmental Analysis

	Continuing operations		Discontinued operations		Total	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Financial services – cash collection	172,611	183,278	–	–	172,611	183,278
Financial services – home collected credit	3,733	681	–	–	3,733	681
Marketing services	22,102	24,419	–	–	22,102	24,419
Discontinued activities	–	–	44	420	44	420
Third party sales	198,446	208,378	44	420	198,490	208,798
Cost of sales	(184,569)	(189,442)	(47)	(1,802)	(184,616)	(191,244)
Distribution costs	(3,517)	(3,150)	(2)	(303)	(3,519)	(3,453)
Administrative expenses	(10,843)	(11,499)	(22)	(532)	(10,865)	(12,031)
Operating (loss)/profit	(483)	4,287	(27)	(2,217)	(510)	2,070
Financial services – cash collection	2,373	3,198	–	–	2,373	3,198
Financial services – home collected credit	(3,777)	(1,053)	–	–	(3,777)	(1,053)
Marketing services	921	2,142	–	–	921	2,142
Discontinued activities	–	–	(27)	(2,217)	(27)	(2,217)
Operating (loss)/profit	(483)	4,287	(27)	(2,217)	(510)	2,070
Loss on sale of fixed assets	(537)	–	–	–	(537)	–
Profit/(loss) on termination of food manufacturing	–	–	218	(9,639)	218	(9,639)
(Loss)/profit on ordinary activities before interest	(1,020)	4,287	191	(11,856)	(829)	(7,569)
Financial services – cash collection	4,276	5,782	–	–	4,276	5,782
Financial services – home collected credit	(4,384)	(1,165)	–	–	(4,384)	(1,165)
Marketing services	387	1,745	–	–	387	1,745
Discontinued activities	–	–	191	(11,856)	191	(11,856)
Profit/(loss) on ordinary activities before taxation	279	6,362	191	(11,856)	470	(5,494)
Financial services – cash collection	(4,018)	(6,969)	–	–	(4,018)	(6,969)
Financial services – home collected credit	(3,909)	(880)	–	–	(3,909)	(880)
Marketing services	903	869	–	–	903	869
Discontinued activities	–	–	1,332	1,141	1,332	1,141
Net (liabilities)/assets	(7,024)	(6,980)	1,332	1,141	(5,692)	(5,839)

2 Operating Profit

	2000 £'000	1999 £'000
Costs and expenses include the following:		
Depreciation	1,678	2,128
Staff costs (see note 4)	14,142	14,272
Auditors' remuneration	66	60
Fees paid to the auditors and associates for non-audit services	107	33
Provisions for home collected credit bad and doubtful debts	3,337	458

3 Profit/(Loss) on Termination of Operations

	2000 £'000	1999 £'000
Surplus on disposal of food manufacturing plant and licences	218	-
Depreciation – licences	-	(206)
– buildings	-	(4,734)
– plant and equipment	-	(3,814)
Stock write off	-	(682)
Staff costs	-	(91)
Other expenses	-	(112)
	218	(9,639)

4 Staff Costs

	2000 £'000	1999 £'000
Group		
Wages and salaries	12,515	12,793
Social security costs	961	956
Other pension costs	666	523
	14,142	14,272

	Number	Number
Financial services – cash collection	217	409
Financial services – home collected credit	133	49
Marketing services	609	574
Discontinued activities	-	28
Average number employed	959	1,060

Details of the emoluments of the directors of Park Group plc are set out in the directors' report on pages 9 and 10.

5 Investment Income

	2000 £'000	1999 £'000
Interest receivable	1,340	2,184

6 Interest Payable

	2000 £'000	1999 £'000
Bank loans and overdrafts, and loans wholly repayable within five years	19	109
Other	22	-
	41	109

Notes to the Accounts

7 Taxation

	2000 £'000	1999 £'000
Corporation tax at 30% (1999 – 31%)	174	1,010
Deferred tax	183	(1,617)
Prior years adjustments: Corporation tax	(84)	252
Deferred tax	50	66
	323	(289)

8 Dividends and Earnings per Share

	2000 £'000	1999 £'000
Paid	–	1,797
Proposed	–	569
	–	2,366

The calculation of basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £147,000 (1999 loss – £5,205,000) and on the weighted average number of shares, calculated as follows:

	2000	1999
Basic eps – weighted average number of shares	162,471,066	162,257,079
Diluting effect of employee share options	–	102,574
Diluted eps – weighted average number of shares	162,471,066	162,359,653

9 Intangible Assets

	Licences £'000
Group	
Cost	
At 31st March 1999	250
Disposals	(250)
At 31st March 2000	–
Depreciation	
At 31st March 1999	250
Disposals	(250)
At 31st March 2000	–
Net book amount	
At 31st March 1999 and 2000	Nil

10 Tangible Assets

	Land and buildings £'000	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
Group				
Cost				
At 31st March 1999	16,374	15,718	1,321	33,413
Additions	63	2,544	208	2,815
Disposals	(5,222)	(6,917)	(218)	(12,357)
At 31st March 2000	11,215	11,345	1,311	23,871
Depreciation				
At 31st March 1999	6,902	12,097	489	19,488
Charge for year	171	1,227	280	1,678
Disposals	(809)	(6,592)	(170)	(7,571)
At 31st March 2000	6,264	6,732	599	13,595
Net book amount				
At 31st March 2000	4,951	4,613	712	10,276
At 31st March 1999	9,472	3,621	832	13,925
			2000	1999
			£'000	£'000
Freehold property			4,951	9,472
Land and buildings include:				
At cost	- Land		200	496
	- Buildings		11,015	15,878
			11,215	16,374

Notes to the Accounts

10 Tangible Assets *continued*

	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
Company			
Cost			
At 31st March 1999	821	443	1,264
Additions	702	35	737
Disposals	–	(130)	(130)
Group transfers	2,154	(3)	2,151
At 31st March 2000	3,677	345	4,022
Depreciation			
At 31st March 1999	278	195	473
Charge for year	291	88	379
Disposals	–	(110)	(110)
Group transfers	1,726	2	1,728
At 31st March 2000	2,295	175	2,470
Net book amount			
At 31st March 2000	1,382	170	1,552
At 31st March 1999	543	248	791

11 Investments

	Other investments £'000
Group	
Cost	
At 31st March 1999	2
Additions	1,500
At 31st March 2000	1,502
Provisions	
Increase in year and at 31st March 2000	1,500
Net book amount	
At 31st March 1999 and 2000	2

11 Investments *continued*

Company	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 31st March 1999	20,725	2	20,727
Additions	–	1,500	1,500
At 31st March 2000	20,725	1,502	22,227
Provisions			
At 31st March 1999	10,565	–	10,565
(Decrease)/increase in year	(27)	1,500	1,473
At 31st March 2000	10,538	1,500	12,038
Net book amount			
At 31st March 2000	10,187	2	10,189
At 31st March 1999	10,160	2	10,162

At 31st March 2000 the parent company's principal subsidiary undertakings were:

Name of company	Nature of business
Park Financial Services Limited	Mail order and cash savings operations
Park Hamper Company Limited	Mail order agency cash savings
Country Hampers Limited	Mail order agency cash savings
Park Premier Services Limited	Wholesale hamper sales
High Street Vouchers Limited	Voucher sales
Wirral Cold Store Limited	Frozen and chilled food storage
Budworth Properties Limited	Property management
Jetlag International Limited	Airline, travel and retail multi-item kits
Park Online Limited	Marketing services
Park Direct Credit Limited	Weekly collected credit

All the above companies were directly held wholly owned subsidiary undertakings of the parent company except in the case of Jetlag International Limited where the parent company's direct holding represented 70% (1999 – 70%) and subsidiary undertakings direct holdings represented 30% of its issued share capital.

All the above companies are registered and operate in England.

On 13th March 2000 the food manufacturing operation was sold to Prime Potato Products Limited ('PPP') for net proceeds of £0.5m. As part of the agreement the group received 1,500,000 B ordinary shares of £1 each in PPP. Depending on the availability of distributable reserves in PPP, these shares may be redeemed during the period to 31st December 2007 at various values up to a maximum of £1 per share. No value has been attributed to this investment.

Notes to the Accounts

12 Stocks

	2000 £'000	1999 £'000
Group		
Raw materials	1,095	1,670
Goods for resale	368	917
	1,463	2,587

13 Debtors

	Due within one year		Due in more than one year	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Group				
Trade debtors	13,080	9,746	-	-
Other debtors	516	168	56	131
Prepayments	3,257	3,751	-	-
Advance corporation tax	163	763	-	-
	17,016	14,428	56	131
Company				
Amounts owed by subsidiary undertakings	19,300	23,408	-	-
Other debtors	788	369	56	131
Prepayments	101	85	-	-
Advance corporation tax	163	763	-	-
	20,352	24,625	56	131

14 Creditors

	Amounts falling due within one year	
	2000 £'000	1999 £'000
Group		
Bank overdraft	1,100	3,973
Trade creditors	30,129	27,915
Corporation tax	378	1,344
Other taxes and social security	326	345
Proposed dividend	-	2,356
Other creditors	2,272	797
Accruals and deferred income	799	919
	35,004	37,649
Company		
Bank overdraft	1,101	4,284
Trade creditors	151	506
Amounts owed to subsidiary undertakings	28,031	21,252
Corporation tax	-	495
Other taxes and social security	88	98
Proposed dividend	-	2,356
Other creditors	-	305
Accruals and deferred income	174	300
	29,545	29,596

15 Provisions for Liabilities and Charges

	1999	Profit and loss account	2000
	£'000	£'000	£'000
Group			
Deferred taxation	34	233	267
Company			
Deferred taxation	6	72	78

Deferred taxation represents a corporation tax charge of 30% deferred by capital allowances and adjustments for short term timing differences.

Notes to the Accounts

16 Share Capital

	No. of shares	£'000
Authorised: Ordinary shares of 2p each		
At 31st March 1999 and 2000	195,000,000	3,900
Allotted, called up and fully paid		
At 31st March 1999 and 2000	162,471,066	3,249

Options over ordinary shares in the company have been granted and dealt with as follows as at 31st March 2000:

Date of grant	Options over ordinary shares					Exercise price	Latest exercise date
	Granted	Lapsed	Exercised prior years	Exercised this year	Outstanding		
19.02.92	2,265,000	(180,000)	(2,055,000)	–	30,000	31.555p	18.02.02
1.02.99	462,631	(319,705)	–	–	142,926	45.000p	31.07.02
1.02.99	503,850	(282,300)	–	–	221,550	45.000p	31.07.04
1.10.99	255,936	(77,044)	–	–	178,892	36.000p	31.03.03
1.10.99	208,125	(3,750)	–	–	204,375	36.000p	31.03.05

The market price of the shares at 31st March 2000 was 13.5p with a range in the year of 13.5p to 44.5p.

17 Reserves

	Share premium account £'000	Profit and loss account £'000
Group		
At 31st March 1999	806	(9,894)
Profit for year	–	147
At 31st March 2000	806	(9,747)

Aggregate goodwill written off to profit and loss account at 31st March 2000 amounted to £28,123,000 (1999 – £28,123,000).

	Unrealised reserves £'000	Share premium account £'000	Profit and loss account £'000
Company			
At 31st March 1999	1,973	806	81
Loss for year	–	–	(3,583)
Transfer to profit and loss account	(1,973)	–	1,973
At 31st March 2000	–	806	(1,529)

18 Movements in Shareholders' Funds

	2000 £'000	1999 £'000
Profit/(loss) on ordinary activities after taxation	147	(5,205)
Dividends	-	(2,366)
Profit/(loss) for the financial year	147	(7,571)
New share capital issued	-	150
Goodwill arising from disposals/acquisitions	-	(3)
Net movement in shareholders' funds	147	(7,424)
Opening shareholders' funds	(5,839)	1,585
Closing shareholders' funds	(5,692)	(5,839)

19 Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	Continuing £'000	Discontinued £'000	Total 2000 £'000	Continuing £'000	Discontinued £'000	Total 1999 £'000
Operating (loss)/profit	(483)	(27)	(510)	4,287	(2,217)	2,070
Exceptional items	(537)	218	(319)	-	(203)	(203)
Depreciation	1,662	16	1,678	1,698	430	2,128
(Profit)/loss on sale of tangible fixed assets	449	(218)	231	(42)	9	(33)
Loan book debt provision	3,337	-	3,337	458	-	458
Loan book investment	(5,307)	-	(5,307)	(3,165)	-	(3,165)
Decrease/(increase) in stocks	1,102	22	1,124	1,821	52	1,873
Decrease/(increase) in debtors	(961)	67	(894)	4,062	86	4,148
(Decrease)/increase in creditors	3,302	250	3,552	(3,066)	(465)	(3,531)
	2,564	328	2,892	6,053	(2,308)	3,745

The exceptional items referred to in the cash flow relate to the sale and leaseback of the properties and the disposal of food manufacturing plant and licences.

Notes to the Accounts

20 Analysis of Changes in Net Debt

	At 31st March 1999 £'000	Cash flow £'000	At 31st March 2000 £'000
Cash and bank balances	771	(5)	766
Bank overdrafts	(3,973)	2,873	(1,100)
	(3,202)	2,868	(334)

21 Contingencies

The group has obligations under contracts with Country Hampers franchisees to buy back the franchises once notice has been given of a desire to surrender. The cost to the group if notice were to be given is presently estimated to be £759,000.

22 Capital Commitments

	2000 £'000	1999 £'000
Group		
For which contracts have been placed	1,167	46
Company		
For which contracts have been placed	627	-

23 Pensions

The group operates two pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in trustee administered funds. Contributions to the schemes are determined by a qualified actuary on the basis of triennial valuations using either the projected unit or aggregate method. The most recent valuations were at 31st March 1998 for one scheme and 31st March 1999 for the other. The main assumptions used in the valuation of the liabilities of the first scheme were a real return on investments above general earnings inflation of 2.25% per annum for pre 1st April 1998 service (2.75% per annum for post 31st March 1998 service) and a real return above pension increases of 4% per annum for pre 1st April 1998 service (4.5% per annum for post 31st March 1998 service). The corresponding assumptions for the second scheme were 0.4% per annum and 1.9% per annum respectively for all service.

The pension charge for the year to 31st March 2000 was £666,000 (1999 – £523,000).

The most recent actuarial valuations showed that the combined market value of the two schemes' assets was £9,895,527, which represented 101% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings.

Notice of Meeting

Notice is hereby given that the seventeenth annual general meeting of Park Group plc will be held in The Prentonian Suite, Tranmere Rovers Football Club Limited, Prenton Park, Prenton Road West, Birkenhead CH42 9PN on Tuesday, 26th September 2000, at 12 noon for the following purposes:

- 1 To receive and adopt the report and accounts for the year ended 31st March 2000.
- 2 To re-elect P. R. Johnson and A. G. Kerr, who are retiring by rotation.
- 3 To re-appoint KPMG Audit Plc as auditors and to authorise the directors to fix their remuneration.

Valley Road
Birkenhead
CH41 7ED
18th August 2000

By order of the board
N. Alexander
Secretary

Notes:

- 1 A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. A form of proxy is enclosed for use by shareholders.
- 2 The register of directors' interests kept by the company in accordance with section 325 of the Companies Act 1985 will be available for inspection at the annual general meeting.



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