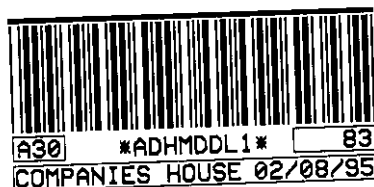




**THE GUILD OF EXCELLENCE PLC
(FORMERLY ISSUECOIN PLC)**

Report and Financial Statements

31 March 1995



**Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR**

REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Vincent Isaacs
Roger Boaden MBE
Michael Keith Berman-Wald FCA
Jacqueline Elizabeth Sadek
Michael Arnold
Baroness Dean of Thornton-le-Fylde
Michael John Goodrich
James Nicholas Welby May
Peter Anning Revell-Smith CBE
Lionel Jack Ross
William Royden Stuttford CBE

Chairman
Managing director
Finance director
Guild and retail director
Non-executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director

SECRETARY

Michael Keith Berman-Wald FCA

REGISTERED OFFICE

Hill House
1 Little New Street
London EC4A 3TR

BANKERS

Samuel Montagu
31 Hill Street
London W1 7FD

Midland Bank PLC
27-32 Poultry
London EC2P 2BX

SOLICITORS

Frere Cholmeley Bischoff
4 John Carpenter Street
London EC4Y 0NH

Paisner & Co
Bouverie House
154 Fleet Street
London EC4A 2DU

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from incorporation to 31 March 1995.

PRINCIPAL ACTIVITIES

The Guild is a commercial subscription company with the aim of assisting in the revitalisation of high street retailing.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The business is in the process of being progressively launched in the Central TV area and had not yet started to collect subscriptions by the period end. As stated on page 4 the future of the company depends on the level of subscriptions generated and this is uncertain. Should a satisfactory level of subscriptions be achieved the Company will continue to pursue its aim of assisting in the revitalisation of high street retailing.

FIXED ASSETS

Fixed asset additions are shown in note 7 to the accounts.

RESULTS AND DIVIDENDS

Details of results for the year are set out on page 6. The directors do not recommend a dividend for the year. The retained loss of £2,247,858 has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

Directors and their interests in the shares of the company at 31 March 1995 are as follows:

	Date of appointment	Date of resignation	Ordinary 50p shares at date of appointment	Ordinary shares of 50p at 31 March 1995
Vincent Isaacs (Chairman)	23.3.94	-	-	5,000,000
Roger Boaden MBE (Managing Director)	29.11.94	-	-	20,000
Michael Keith Berman-Wald FCA	24.8.94	-	-	5,000
Jacqueline Elizabeth Sadek	21.11.94	-	-	5,000
Michael Arnold	16.12.94	-	-	50,000
Baroness Dean of Thornton-le-Fylde	1.2.95	-	-	1,000
Michael John Goodrich	22.12.94	-	-	5,000
James Nicholas Welby May	19.12.94	-	-	-
Peter Anning Revell-Smith CBE	19.12.94	-	-	50,000
Lionel Jack Ross	15.12.94	-	-	10,000
William Royden Stuttaford CBE	22.12.94	-	-	-
Instant Companies Ltd	7.1.94	23.3.94	-	-
Pauline Shirley Isaacs	23.3.94	24.8.94	-	-

CLOSE COMPANY STATUS

In the opinion of the directors the company is a close company for taxation purposes.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

As an unlisted company, there is no requirement for The Guild Of Excellence PLC to comply with the recommendations of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee). However, the Board supports the aims of the Cadbury Committee and during the period has carried out a review of the extent to which the company complies with the Committee's Code of Best Practice.

The Board believes that the company maintains a system of internal controls, including suitable monitoring procedures, in order to provide reasonable, but not necessarily absolute, assurance of the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication. The Board is satisfied that these controls generally operated effectively during the period covered by the financial statements.

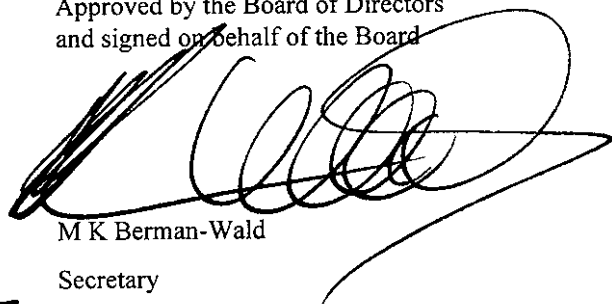
An Audit committee has been established which includes two non-executive Directors, Mr Lionel Ross and Mr Peter Revell-Smith. The duties of the committee include the detailed review of the financial statements prior to their recommendation to the Board for approval.

A Remuneration Committee has been established which comprises all the non-executive Directors. The committee is responsible for setting the remuneration for the executive Directors and assessing the criteria upon which awards are based.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M K Berman-Wald
Secretary

23rd May 1995

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 company as at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements on a 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. 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.

STATEMENT ON GOING CONCERN

The company is currently progressively launching its commercial subscription business. Whilst the results of the initial advertising campaign did not achieve expectations, the company has carried out further market research which has indicated a positive response to the concept. A further advertising campaign is being designed having regard to the results of the research.

The directors cannot predict with any certainty the likely level of future subscription income.

As stated in the placing document dated 8 March 1995, if satisfactory membership levels are not achieved the available capital of the company may be too low and further equity or debt may be needed. There is currently no assurance that such funding or any other funding would be available to the company.

At this formative stage of the business the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustment that would result from a failure to achieve satisfactory income.



Chartered Accountants

Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR

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International + 44 171 936 3000
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Fax (Gp. 3): 0171 583 8517
LDE: DX 599

AUDITORS' REPORT TO THE MEMBERS OF

THE GUILD OF EXCELLENCE PLC (FORMERLY ISSUECOIN PLC)

We have audited the financial statements on pages 6 to 14 which have been prepared under 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.

Uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 concerning the uncertainty over the likely level of future income. The financial statements have been prepared on a going concern basis, the validity of which depends upon satisfactory levels of subscription income being achieved. The financial statements do not include any adjustments that would result from a failure to achieve satisfactory income. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1995 and of its loss for the period from 7 January 1994 to 31 March 1995 and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
and Registered Auditors

31 May 1995

PROFIT AND LOSS ACCOUNT
Period from 7 January 1994 to 31 March 1995

	Note	Period from 7 January 1994 to 31 March 1995 £
TURNOVER		
Cost of sales		- (54,646)
GROSS LOSS		(54,646)
Administrative expenses		(2,213,725)
OPERATING LOSS	5	(2,268,371)
Interest receivable		28,326
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,240,045)
Tax charge on loss on ordinary activities	6	(7,813)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(2,247,858)
Retained loss for the financial period transferred to reserves		(2,247,858)

All activities derive from continuing operations. There are no recognised gains or losses for the period other than as stated in the profit and loss account and the statement of movements on reserves.

**BALANCE SHEET
31 March 1995**

	Note	31 March 1995 £
FIXED ASSETS		
Tangible assets	7	760,005
		<u>760,005</u>
CURRENT ASSETS		
Stock	8	239,751
Debtors	9	408,366
Cash at bank and in hand		2,878,042
		<u>3,526,159</u>
CREDITORS: amounts falling due within one year	10	(877,698)
NET CURRENT ASSETS		<u>2,648,461</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,408,466
CREDITORS: amounts falling due after more than one year	11	(1,000,000)
		<u>2,408,466</u>
CAPITAL AND RESERVES		
Called up share capital	12	3,500,000
Share premium		1,156,324
Profit and loss account		(2,247,858)
EQUITY SHAREHOLDERS' FUNDS		<u>2,408,466</u>

These financial statements were approved by the Board of Directors on 23 May 1995.

Signed on behalf of the Board of Directors

Vincent Isaacs

Michael K Berman-Wald

) Directors



**COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND
STATEMENT OF MOVEMENTS ON RESERVES
31 March 1995**

	Issued share capital £	Share premium account £	Profit and loss account £	Total £
At 7 January 1994	-	-	-	-
Loss attributable to members of the company			(2,247,858)	(2,247,858)
Share capital subscribed	3,500,000	1,500,000	-	5,000,000
Costs in relation to issue of shares	-	(343,676)	-	(343,676)
At 31 March 1995	<u>3,500,000</u>	<u>1,156,324</u>	<u>(2,247,858)</u>	<u>2,408,466</u>


CASH FLOW STATEMENT
Period from 7 January 1994 to 31 March 1995

	Notes	Period from 7 January 1994 to 31 March 1995 £
Net cash outflow from operating activities	1	(2,001,332)
Return on investments and servicing of finance		
Interest received		31,254
Interest paid		(52)
Net cash inflow from returns on investments and servicing of finance		31,202
Taxation		
Corporation tax paid		-
Investing activities		
Payments to acquire tangible fixed assets		(808,152)
Net cash outflow from investing activities		(808,152)
Net cash outflow before financing		(2,778,282)
Financing		
Issue of ordinary share capital	2	5,000,000
Loan finance	2	1,000,000
Expenses paid in connection with share issues		(343,676)
Net cash inflow from financing		5,656,324
Increase in cash and cash equivalents	3/4	<u>2,878,042</u>

NOTES TO THE CASH FLOW STATEMENT
Period from 7 January 1994 to 31 March 1995

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 7 January 1994 to 31 March 1995 £
Operating loss	(2,268,371)
Depreciation charges	48,147
Increase in stocks	(239,751)
Increase in debtors	(408,366)
Increase in creditors	867,009
Net cash outflow from operating activities	(2,001,332)

2. ANALYSIS OF FINANCING DURING THE PERIOD

	Loan £	Share capital £	Share premium £	Total £
Cash inflow from financing	1,000,000	3,500,000	1,500,000	6,000,000
Balance at 31 March 1995	1,000,000	3,500,000	1,500,000	6,000,000

3. ANALYSIS OF CASH AND CASH EQUIVALENTS DURING THE PERIOD

	£
Net cash inflow	2,878,042
Balance at 31 March 1995	2,878,042

4. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	£
Cash at bank and in hand	2,878,042
Short-term investments	-
Bank overdrafts	-
	2,878,042

NOTES TO THE ACCOUNTS

For the period from 7 January 1994 to 31 March 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets and depreciation

Fixed assets are depreciated over their estimated useful lives and depreciation charged from the date of purchase. The rates of depreciation are as follows:

Leasehold property and improvements	20% per annum straight line
Fixtures and fittings	25% per annum straight line
Computer equipment	33.3% per annum straight line

Stock

Stock of membership packs and other brochures are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

The different treatment of items for accounts and taxation purposes gives rise to a deferred tax asset which, for prudence, has not been recognised.

Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

2. GOING CONCERN

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NOTES TO THE ACCOUNTS

For the period from 7 January 1994 to 31 March 1995

3. EMPLOYEES

	Period from 7 January 1994 to 31 March 1995 £
Average number of persons employed (including directors)	
Administrative staff	11
Staff costs during the period (including directors)	£
Wages and salaries	342,527
Social security costs	34,252
Other pension costs	8,125
	<u>384,904</u>

4. DIRECTORS' EMOLUMENTS

	Period from 7 January 1994 to 31 March 1995 £
Directors' emoluments	
Other remuneration	171,593
Pension Scheme Contributions	8,125
	<u>179,718</u>
Remuneration of the chairman	25,000
Remuneration of the highest paid director	48,125
Scale of other directors' remuneration	
£ 0 - £ 5,000	7
£ 20,001 - £ 25,000	1
£ 40,001 - £ 45,000	1
	<u>9</u>

5. OPERATING LOSS

	1995 £
Operating loss is stated after charging:	
Depreciation	
Owned assets	48,147
Auditors' remuneration	
- audit services	10,000
- non-audit services	21,000
Rentals under operating leases	
Hire of plant and equipment	174
Other operating leases	1,979

NOTES TO THE ACCOUNTS

For the period from 7 January 1994 to 31 March 1995

6. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES

**Period from
7 January 1994
to 31 March 1995
£**

United Kingdom corporation tax at 25% based on the loss for the period	7,813
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The tax charge represents tax payable on interest received in the period.

7. TANGIBLE FIXED ASSETS

	Leasehold property £	Leasehold improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
Additions	19,227	99,647	208,346	480,932	808,152
At 31 March 1995	19,227	99,647	208,346	480,932	808,152
Depreciation					
Charge for the period	960	4,143	10,166	32,878	48,147
At 31 March 1995	960	4,143	10,166	32,878	48,147
Net book value					
At 31 March 1995	18,267	95,504	198,180	448,054	760,005

8. STOCK

	1995 £
Membership packs and other brochures	239,751

9. DEBTORS

	1995
Other debtors	203,406
Prepayments and accrued income	204,960
	408,366



NOTES TO THE ACCOUNTS

For the period from 7 January 1994 to 31 March 1995

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £
Trade creditors	598,432
Other creditors	900
Corporation tax	7,813
Other taxes and social security	47,791
Accruals and deferred income	222,762
	<u>877,698</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £
Loan repayable:	
between one and two years	666,667
between two and five years	333,333
	<u>1,000,000</u>

The loan is unsecured. Interest is payable at 2% over Midland Bank PLC base rate.

12. CALLED UP SHARE CAPITAL

	1995 £
Authorised:	
13,500,000 ordinary shares of 50p each	6,750,000
Called up, allotted and fully paid during the period:	
7,000,000 Ordinary shares of 50p each	3,500,000
At 31 March 1995	<u>3,500,000</u>

The shares were allotted for a consideration of £5,000,000 in order to provide finance to launch the company and fund working capital requirements.

13. OPERATING LEASE COMMITMENTS

At 31 March 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	Motor vehicles £	Land and buildings £	Total £
Leases which expire:			
Within two to five years	77,821	41,655	119,476