

De La Rue Holdings plc

(Company Number: 58025)

Directors' Report and Financial Statements

30 March 2002



De La Rue Holdings plc

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 30 March 2002.

Principal activities

The Company is a holding company with interests in the United Kingdom and overseas in currency and security printing, provision of branch cash automation and solutions to retail banks, manufacture of banking equipment and other ancillary activities. It also provides management services to all its subsidiaries.

Results and dividend

Profit on ordinary activities after taxation amounted to £71,692,000 (2001: £77,346,000). Interim dividends amounting to £160,000,000 were proposed during the period (2001: £37,000,000). The directors decided not to declare a final dividend. The retained loss for the year of £88,308,000 was transferred to reserves (2001: £40,346,000 profit transferred to reserves).

Review of business

The Company derives its income mainly through dividends from its subsidiaries and associated companies.

Future developments

The Company will continue to operate in accordance with its principal activities.

Payments to suppliers

The Company does not operate a standard code in respect of payment to suppliers. The Company agrees the terms and conditions under which business transactions with suppliers are conducted, including the terms of payment. It is the Company's policy that payments to suppliers are made promptly in accordance with these terms.

Directors

The names of the Directors holding office during the year were as follows:

I F R Much
C L Fluker
P R Hollingworth (resigned 30 June 2002)

D W Finnett was appointed a Director on 30 June 2002

De La Rue Holdings plc

Directors' Report (Continued)

Directors' interests

At 30 March 2002 no Directors or members of their families, as defined by the Companies Act 1985, held any beneficial interests in shares of any member of the Group other than the ultimate parent undertaking, De La Rue plc. The share holdings and share options of Mr I F R Much and Mr P R Hollingworth in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings of Ms C L Fluker were as follows:

	1 April 2001	30 March 2002
Ordinary Shares	7,152	7,152
Share Price Improvement Plan	136,000	163,600
Executive Share Options	46,900	18,100
Sharesave Options	6,967	6,967

Ms Fluker was granted a further 27,600 options at 506.42 pence under the De La Rue Share Price Improvement Plan on 25 June 2001. Ms Fluker exercised 5,000 options at 449.00 pence and 23,800 options at 365.67 pence under various De La Rue Executive Share Option Schemes on 10 August 2001. The market value of shares in De La Rue plc at the date of exercise was 509.00 pence. No other options were granted or exercised during the year and none lapsed.

At 30 March 2002 Ms Fluker's options under the De La Rue Sharesave Scheme are exercisable from March to September 2004 at prices ranging between 150.00 pence and 351.90 pence. Those options under the De La Rue Executive Share Option Scheme are exercisable at various dates up to July 2006 at prices ranging between 607.00 pence and 934.00 pence and those under the De La Rue Share Price Improvement Plan are exercisable from November 2002 to June 2005 at prices ranging between 215.30 pence and 506.42 pence.

The market price of the ordinary shares at 30 March 2002 was 463.5 pence and the price range during the year was 400.00 pence to 535.00 pence.

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 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

De La Rue Holdings plc

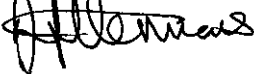
Directors' Report (Continued)

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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board on



J F Hermans

Secretary

18 October 2002

Registered Office:
De La Rue House
Jays Close
Viabes
Basingstoke
Hants
RG22 4BS

Independent Auditors' Report to the Members of De La Rue Holdings plc

We have audited the financial statements on pages 6 to 19 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities on pages 3 to 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report

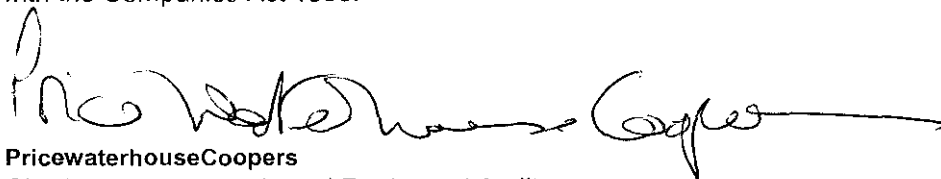
Basis of audit opinion

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 the Company's affairs at 30 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

18 October 2002

De La Rue Holdings plc

Profit and Loss Account For the Year Ended 30 March 2002

	Note	2002 £'000	2001 £'000 (Restated)
Operating (loss)/profit	3	(1,574)	10,635
Income from shares in group undertakings		50,000	69,546
Income from shares in associated undertakings		19,565	20,320
Operating profit		67,991	100,501
Profit on disposal of investments	4	7,197	50
Profit on ordinary activities before interest and taxation		75,188	100,551
Interest receivable and similar income	5	4,712	2,363
Interest payable and similar charges	6	(8,588)	(12,321)
Profit on ordinary activities before taxation	7	71,312	90,593
Taxation on profit on ordinary activities	8	380	(13,247)
Profit on ordinary activities after taxation		71,692	77,346
Dividends paid (including non-equity)	9	(160,000)	(37,000)
Retained (loss)/profit for the financial year	19	(88,308)	40,346

There is no difference between the results in the profit and loss account and the results on an historical cost basis.

Statement of Total Recognised Gains and Losses

	2002 £'000	2001 £'000 (Restated)
Retained (loss)/profit for the financial year	(88,308)	40,346
Currency translation differences on foreign currency net investments	(64)	1,554
Total recognised gains and losses relating to the year	(88,372)	41,900
Prior year adjustment (see Note 8)	7,694	-
Total recognised gains and losses since last annual report	(80,678)	41,900

The notes on pages 8 to 19 form part of these financial statements.

De La Rue Holdings plc

Balance Sheet at 30 March 2002

	Note	2002 £'000	2001 £'000 (Restated)
Fixed assets			
Tangible fixed assets	10	21,039	21,328
Investments	11	723,030	668,962
		744,069	690,290
Current assets			
Debtors - due within one year	14	1,763	28,584
Debtors - due after one year	14	885,986	451,411
Cash at bank and in hand		12,319	12,827
		900,068	492,822
Creditors – amounts falling due within one year	15	(106,528)	(169,100)
Net current assets		793,540	323,722
Total assets less current liabilities		1,537,609	1,014,012
Creditors – amounts due after one year	16	(1,266,676)	(653,969)
Provisions for liabilities and charges	17	(8,901)	(9,639)
Net assets		262,032	350,404
Capital and reserves			
Called up share capital	18	56,407	56,407
Share premium account	19	11,958	11,958
Other reserves	19	149,670	149,670
Revaluation reserve	19	66	66
Profit and loss account	19	43,931	132,303
Shareholders' funds	20	262,032	350,404

Approved by the Board of Directors on

18 October

2002

D W Finnett
Director

The notes on pages 8 to 19 form part of these financial statements.

De La Rue Holdings plc

Notes to the Financial Statements - 30 March 2002

1 Accounting policies

The principal accounting policies adopted by the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as amended for the valuation of the Company's fixed asset investments, and in accordance with applicable accounting standards. The accounts have been prepared as at 30 March 2002, being the nearest Saturday to 31 March. The comparatives for the 2001 financial year are for the year ended 31 March 2001.

(b) Consolidation of subsidiaries

The financial statements contain information about De La Rue Holdings plc as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, De La Rue plc, a company registered in England and Wales.

(c) New accounting standards

Financial Reporting Standard 17 "Retirement Benefits" is applicable to the Company for the first time this year. The Company has applied the transitional arrangements for adoption of the Financial Reporting Standard. Accordingly no change has been made to the accounting policy but included in these financial statements are the additional disclosures required by Financial Reporting Standard 17.

Financial Reporting Standard 18 "Accounting Policies" has been adopted in the current year but this did not require any change in accounting policy.

The Company has adopted Financial Reporting Standard 19 "Deferred Tax" in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly (see Note 8).

(d) Associated undertakings

An associated undertaking is one in which the company has a long-term investment and is in a position to exercise significant influence over the company in which the investment is made. Consolidated financial statements have not been prepared, as the Company is a wholly owned subsidiary of another body corporate incorporated in the United Kingdom.

(e) Foreign currencies

Amounts receivable from overseas subsidiaries which are denominated in foreign currencies are translated into sterling at the appropriate year end rates of exchange. Exchange gains and losses on translating foreign currency amounts are included in operating profit except for exchange gains and losses associated with hedging loans that are taken to reserves.

De La Rue Holdings plc

Notes to the Financial Statements - 30 March 2002

1 Accounting policies (Continued)

(f) Tangible fixed assets and depreciation

Fixed assets are stated at cost or at valuation, less depreciation. No depreciation is provided on freehold land. Freehold and long leasehold buildings are depreciated at a rate of two per cent per annum. Other leasehold interests are depreciated over the unexpired period of the lease. A long leasehold is defined as one in which the remaining term of the lease is more than 50 years. The directors have not adopted a policy of revaluing tangible fixed assets as permitted by FRS 15.

The Company's policy is to write off the cost or valuation of all other plant and equipment evenly over their estimated remaining useful life at rates which vary between 8 per cent and 50 per cent per annum. The principal annual rates of depreciation used are 10 per cent on plant and machinery, 10 per cent on fixtures and fittings and 33 1/3 per cent on tooling and computer equipment. No depreciation is provided for assets in the course of construction.

(g) Leasing

Operating lease rentals are charged to the profit and loss account as incurred.

(h) Taxation

The charge for taxation is based on the profit for the year. The Company also accounts for deferred taxation in accordance with FRS 19 "Deferred Tax" which requires the recognition of deferred tax assets and liabilities on the balance sheet to the extent that they will more likely than not materialise.

(i) Investments

Investments are stated at valuation in the balance sheet, less provision for any permanent diminution in the value of the investment. Revaluation movements due to foreign exchange are transferred to the foreign exchange reserve and those due to changes in the currency value of the investment are taken to the revaluation reserve.

(j) Pensions

The costs of the Company's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. The pension costs are assessed in accordance with the advice of qualified actuaries. Actuarial surpluses and deficits are spread forward over the average remaining service lives of employees. The Company's post retirement benefit schemes are accounted for in a similar manner to the pension schemes, as described above.

The costs of the Company's defined contribution schemes are charged to the profit and loss account as the contributions are made.

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

2 Directors' emoluments

Directors' emoluments are disclosed in the Group accounts of the ultimate parent, De La Rue plc, except for Ms C L Fluker, for whom the information is shown below.

	2002 £'000	2001 £'000
Aggregate emoluments	236	-

Highest paid director:

	2002 £'000	2001 £'000
Emoluments	227	-
Defined benefit pension scheme:	9	-

Directors' pension entitlements (Defined benefit scheme)

	Age at 30 March 2002	Years of Pensionable Service	Accrued benefit at 31 March 2001 £'000	Increase during year (excluding inflation) £'000	Accrued benefit at 30 March 2002 £'000	Transfer value of increase in accrued benefit during year £'000
C L Fluker	48	18	39	8	47	71

3 Operating (loss)/profit

	2002 £'000	2001 £'000
Administrative expenses	(11,099)	(6,715)
Management fee income	9,525	17,350
	(1,574)	10,635

4 Profit on Disposal of Investment

	2002 £'000	2001 £'000
Profit on the part disposal of the shareholding in CISL	-	50
Profit on the part disposal of the shareholding in the Camelot Group Plc	7,197	-
	7,197	50

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

5 Interest receivable and similar income

	2002 £'000	2001 £'000
Interest receivable from Group undertakings	2,643	1,268
External interest receivable	2,069	1,095
	4,712	2,363

6 Interest payable and similar charges

	2002 £'000	2001 £'000
Interest payable on bank loans and other borrowings repayable within 5 years	6,541	5,884
Interest payable to Group undertakings	2,047	6,437
	8,588	12,321

7 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Profit/ loss on ordinary activities before taxation is stated after the following amounts have been charged:		
Staff costs		
- Wages and salaries	5,835	3,972
- Social security costs	478	647
- Other pension costs	366	656
Depreciation of tangible fixed assets		
- purchased	801	838
Auditors' remuneration		
- audit fees	160	152
- non-audit related fees	-	40
Operating leases		
- hire of plant and machinery	-	-
- other	-	129
Research and development	344	-
Directors' emoluments (see note 2)	236	-

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

8 Taxation on profit on ordinary activities

	2002 £'000	2001 £'000 (Restated)
UK corporation tax at 30% (2001: 30%)	(1,360)	28,312
Double taxation relief	(40)	(7,312)
ACT write back	-	(5,309)
Deferred Taxation	3,443	3,900
	2,043	19,591
Adjustment in respect of prior years:-		
ACT write back	-	(1,117)
Other	(2,423)	(5,227)
Taxation on ordinary activities	(380)	13,247

The effective rate remains below the UK nominal rate of 30%. A summary reconciliation is shown below.

	2002 £'000	2001 £'000 (Restated)
Profit on ordinary activities before taxation	71,312	90,593
Expected tax charge at 30%	21,394	27,178
Income from shares in Group undertakings	(15,000)	(20,864)
Income from shares in associated undertakings	(5,870)	(6,096)
Overseas dividends	1,500	-
Disallowables and other items	235	20
Profit on disposal of investments	(2,159)	(15)
Current and deferred – prior years	(2,423)	-
ACT written back	-	(6,400)
Tax charge relating to other UK subsidiaries	1,943	19,424
Taxation on ordinary activities	(380)	13,247

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

8 Taxation on profit on ordinary activities (Continued)

The comparative figures for the 2000/2001 full year have been restated to reflect the effects of FRS 19, Deferred Tax as follows:

PROFIT & LOSS ACCOUNT	Previously Reported £'000	Adjustment £'000	Restated £'000
Profit on ordinary activities before taxation	90,593	-	90,593
Tax on profit on ordinary activities	(9,347)	(3,900)	(13,247)
Profit on ordinary activities after taxation	81,246	(3,900)	77,346
Dividends	(37,000)	-	(37,000)
Transferred to reserves	44,246	(3,900)	40,346
BALANCE SHEET			
Debtors	-	7,694	7,694
Profit and Loss Account	124,609	7,694	132,303

9 Dividends

	2002 £'000	2001 £'000
Ordinary shares		
Interim proposed (first)	40,000	7,000
Interim proposed (second)	120,000	30,000
	160,000	37,000
	Pence	Pence
Net dividend per ordinary share		
Interim proposed (first)	17.7	3.1
Interim proposed (second)	53.2	13.3
	70.9	16.4

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

10 Tangible fixed assets

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 April 2001	24,583	2,442	27,025
Additions	-	512	512
At 30 March 2002	24,583	2,954	27,537
Accumulated depreciation			
At 1 April 2001	4,322	1,375	5,697
Provision for the year	486	315	801
At 30 March 2002	4,808	1,690	6,498
Net book value			
At 1 April 2001	20,261	1,067	21,328
At 30 March 2002	19,775	1,264	21,039
		2002	2001
		£'000	£'000
Land and buildings comprise			
Net book value			
Freehold		3,500	3,645
Long leasehold		16,275	16,616
		19,775	20,261

There is no material difference between the historical cost and the revalued amount of assets held. As stated in the accounting policies, it is not the Group policy to revalue assets, and as such, the transitional provisions of FRS 15 are being applied. There have been no subsequent valuations since 1988/9.

Included within the cost or valuation of land and buildings is an amount of £2.4m of capitalised interest (2001: £2.4m).

11 Investments

	Investments in subsidiaries £'000	Investments in associated Companies £'000	Other Investments £'000	Total £'000
Cost/Valuation				
At 1 April 2001	657,318	11,331	313	668,962
Additions	54,263	-	-	54,263
Disposals	-	(333)	(27)	(360)
Effect of foreign exchange movements	165	-	-	165
At 30 March 2002	711,746	10,998	286	723,030

De La Rue Holdings plc

Notes to the Financial Statements - 30 March 2002

11 Investments (Continued)

In the opinion of the Directors the value of investments in subsidiary undertakings is not less than that shown in the balance sheet.

12 Subsidiary undertakings

The following information deals only with those subsidiaries that, in the opinion of the Directors, principally affected the profit or the amount of assets of the De La Rue Holdings group.

Name of Subsidiary	Country of Registration or Incorporation	Class of shares	Proportion of nominal value of issued shares held by the Company
De La Rue Overseas Limited	England	Ordinary	100%
De La Rue International Limited	England	Ordinary	100%
De La Rue Investments Limited	England	Ordinary	100%
Bradbury Wilkinson Holdings Limited	England	Ordinary	100%
De La Rue Systems Imports Pty Ltd	Australia	Ordinary	100%
De La Rue Systems Limited	Hong Kong	Ordinary	100%
De La Rue Systems Asia Pacific Ltd	Hong Kong	Ordinary	100%
De La Rue Systems Asia Pacific Pte Ltd	Singapore	Ordinary	100%
De La Rue Inc	USA	Common	100%
De La Rue Cash Systems Inc	Canada	Preference	100%
Portals Property Limited	England	Ordinary	100%
De La Rue BV	Holland	Ordinary	100%

13 Associated undertakings

The company has investments in associated undertakings, as set out in the table below.

During the year, the Company recorded a profit of £7.197m on the disposal for £7.530m of 6.67 per cent of the Group's 26.67 per cent holding in the ordinary share capital of Camelot Group plc, a lottery operator incorporated in the UK, to Consignia Enterprises Limited.

All of these associates have a 31 March year-end.

Name of Associated undertaking	Country of registration or incorporation	Class of shares	Interest of De La Rue Holdings Limited
Camelot Group plc	United Kingdom	Ordinary	20.0%
Camelot International Services Limited	United Kingdom	Ordinary	20.0%

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

14 Debtors

	2002 £'000	2001 £'000 (restated)
Amounts due within one year		
Trade debtors	190	-
Amounts owed by Group undertakings	323	19,217
Other debtors	573	1,673
Deferred taxation (see Note 17)	-	7,694
Prepayments and accrued income	677	-
	1,763	28,584
Amounts due after one year		
Amounts owed by Group undertakings	885,986	451,411

15 Creditors - amounts due within one year

	2002 £'000	2001 £'000
Bank Loans	-	1,150
Overdrafts	69,437	112,769
Short term borrowings	69,437	113,919
Trade creditors	976	631
Amounts due to Group undertakings	30,681	32,036
Taxation	1,721	12,922
Other short term creditors	1,918	7,015
Accruals and deferred income	1,795	2,577
Other creditors	37,091	55,181
	106,528	169,100

There are no significant borrowings which are secured against the assets of the Group.

16 Creditors - amounts due after one year

	2002 £'000	2001 £'000
Bank Loans due:		
Between two and five years	24,648	-
Long term borrowings	24,648	-
Amounts owed to Group undertakings	1,241,539	652,999
Other long term creditors	489	970
Other creditors	1,242,028	653,969
	1,266,676	653,969

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

17 Provisions for liabilities and charges

	Pensions & similar obligations £'000	Deferred Taxation £'000	Other £'000	Total £'000
At 1 April 2001	1,195	-	8,444	9,639
Provided in year	103	388	2,931	3,422
Utilised in year	(185)	-	(1,768)	(1,953)
Released in year	-	-	(2,207)	(2,207)
At 30 March 2002	1,113	388	7,400	8,901

Deferred taxation includes the following balances:

	2002 £'000	2001 £'000 (Restated)
Provided		
Timing differences between capital allowances and depreciation	6,710	3,856
Miscellaneous timing differences	(6,322)	(11,550)
At 30 March 2002	388	(7,694)
Comprising:		
Assets	-	(7,694)
Liabilities	388	-
At 30 March 2002	388	(7,694)

Other provisions include £2.4m (2001: £2.7m) to cover the costs of Delarunarians (those employees and ex-employees who have achieved 37 years service and qualify for free medical cover plus a monthly allowance).

During the year, £0.8m of disposal provisions were utilised leaving a balance of £3.3m carried forward within other provisions.

There are no other material provisions within other provisions for liabilities and charges.

18 Called up share capital

	30 March 2002 £'000	31 March 2001 £'000
Authorised:		
274,000,000 Ordinary shares of 25p each	68,500	68,500
Allotted, issued and fully paid:		
225,628,982 Ordinary shares of 25p each	56,407	56,407

De La Rue Holdings plc
Notes to the Financial Statements - 30 March 2002

19 Reserves

	Share Premium Account	Other Reserves	Revaluation Reserve	Profit and loss account (Restated)	Total (Restated)
	£'000	£'000	£'000	£'000	£'000
At 1 April 2001	11,958	149,670	66	132,303	293,997
Retained loss for the year	-	-	-	(88,308)	(88,308)
Currency translation	-	-	-	(64)	(64)
At 30 March 2002	11,958	149,670	66	43,931	205,625

20 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 (Restated) £'000
(Loss)/profit for the financial year transferred to reserves	(88,308)	40,346
Other recognised gains and losses relating to the year (net)	(64)	1,554
Share capital issued	-	41
Net (reduction)/increase in shareholders' funds	(88,372)	41,941
Opening shareholders' funds	350,404	308,463
Closing shareholders' funds	262,032	350,404

The opening shareholders' funds of £350,404,000 include a prior year adjustment of £7,694,000 (see Note 8).

21 Particulars of employees

	2002 Number	2001 Number
The average number of persons employed by the Company during the year was:		
United Kingdom	87	68

22 Pension costs

Current Statement of Standard Accounting Practice 24 (SSAP 24) basis

The Company is a participating employer in one of the De La Rue group pension schemes. The principal schemes are of the defined benefit type with assets held in separate trustee administered funds. Total pension costs were £366,000 (2001: £656,000). A provision of £1,113,000 (2001: £1,195,000) represents the difference between the contributions to the schemes and the amount charged in the financial statements. Details of the latest actuarial valuations and the assumptions underlying them are contained in the financial statements of De La Rue plc.

De La Rue Holdings plc

Notes to the Financial Statements - 30 March 2002

22 Pension costs (Continued)

Financial Reporting Standard 17 (FRS 17) basis

Whilst the Company continues to account for pension costs in accordance with SSAP 24 "Accounting for pension costs", under FRS 17 "Retirement benefits" certain transitional disclosures are required. These disclosures are made in the financial statements of De La Rue plc.

The employees of the Company participate in one of the De La Rue plc group pension schemes. The contributions to the UK scheme are assessed in accordance with advice of AON Consulting, independent consulting actuaries, using the Defined Accrued Benefits Method. The Company is unable to identify the share of the underlying assets and liabilities of the Group scheme that relates to its business and is permitted under FRS 17 to treat this scheme as a defined contribution scheme. Full disclosures relating to the Group's pension schemes are contained in the consolidated financial statements of De La Rue plc.

23 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of De La Rue plc and is included in the consolidated financial statements of De La Rue plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the De La Rue Group or investees of the De La Rue Group.

24 Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking of the Company is De La Rue plc which is registered in England and Wales. The De La Rue plc Group is the only Group of which the Company is a member and for which Group accounts are prepared. Copies of the Group accounts are available from the Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS.