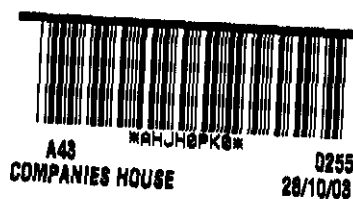


**De La Rue Holdings plc**

**(Company Number: 58025)**

**Directors' Report and Financial Statements**

**29 March 2003**



# De La Rue Holdings plc

## Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 29 March 2003.

### 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

Loss on ordinary activities after taxation amounted to £748,000 (2002: profit of £130,607,000). There were no interim dividends proposed during the period (2002: £160,000,000). The directors decided not to declare a final dividend (2002: nil). The retained loss for the year of £748,000 was transferred to reserves (2002: £29,393,000 loss 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	(appointed 30 June 2002 and resigned 1 March 2003)
D G Young	(appointed 1 March 2003)
G Roesch	(appointed 1 March 2003)
G L Maundrell	(appointed 1 March 2003)
J A Hussey	(appointed 1 March 2003)
S A King	(appointed 1 March 2003)
D W Finnett (alternate)	(resigned 30 June 2002)
J F Hermans (alternate)	(resigned 17 March 2003)
R G McGowan (alternate)	(resigned 17 March 2003)
J Carmody (alternate)	(appointed 30 June 2002 and resigned 4 October 2002)
P R H Nimmo (alternate)	(appointed 4 October 2002 and resigned 17 March 2003)

# De La Rue Holdings plc

## Directors' Report (Continued)

P Cosgrove was appointed a director on 12 May 2003.

### Directors' interests

At 29 March 2003 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 De La Rue Group other than the ultimate parent undertaking, De La Rue plc. The holdings and share options of Mr I F R Much and Mr S A King in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts.

The interests of the Directors in the ordinary shares of De La Rue plc are set out below.

	29 March 2003	31 March 2002 or date of appointment
C L Fluker	6,483	7,152
J A Hussey	9,000	4,412
G L Maundrell	320	320
G Roesch	-	-
D G Young	2,170	2,170

Details of Directors' Share Options are as follows.

	31 March 2002 or date of appointment	Exercised during year	Granted during year	Lapsed during year	29 March 2003	Exercise price range (pence)	Exercisable dates
<u>C L Fluker</u> Share Price Improvement Plan	163,600	-	-	99,400	64,200	340.90-506.42	Jul '03-Jun '05
Executive Share Options	18,100	-	46,500	-	64,600	319.17-934.00	Aug '96-Aug '12
Sharesave Options	6,967	-	-	-	6,967	150.00-351.90	Mar '04-Sep '04
<u>J A Hussey</u> Share Price Improvement Plan	156,100	-	-	92,900	63,200	340.90-506.42	Jul'03-Jun'05
Executive Share Options	10,400	-	44,900	-	55,300	319.17-934.00	Aug'96-Aug'12

# De La Rue Holdings plc

## Directors' Report (Continued)

	31 March 2002 or date of appointment	Exercised during year	Granted during year	Lapsed during year	29 March 2003	Exercise price range (pence)	Exercisable dates
<u>G L Maundrell</u> Executive Share Options	55,800	-	46,500	-	102,300	319.17-522.30	Jul '04-Aug '12
Sharesave Options	-	-	2,148	-	2,148	244.50	Mar '06-Sep '06
<u>G Roesch</u> Share Price Improvement Plan	127,900	-	-	74,300	53,600	340.90-506.42	Jul '03-Jun '05
Executive Share Options	22,300	-	51,700	-	74,000	319.17-934.00	Jul '98-Aug '12
<u>D G Young</u> Share Price Improvement Plan	122,500	-	-	72,500	50,000	340.90-506.42	Jul '03-Jun '05
Executive Share Options	21,400	-	41,100	-	62,500	297.33-637.00	Dec '98-Aug '12
Sharesave Options	2,987	-	1,035	-	4,022	221.10-351.90	Jun '03-Sep '06

The market price of De La Rue's ordinary shares on 29 March 2003 was 185 pence and the price range during the year was 182.5 pence to 520 pence.

# De La Rue Holdings plc

## Directors' Report (Continued)

### Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit and loss for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

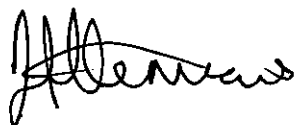
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 Company's auditors, PricewaterhouseCoopers, resigned on 27 February 2003, having converted to a Limited Liability Partnership (LLP) on 1 January 2003. The Directors appointed their successors, PricewaterhouseCoopers LLP to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board on 24 October 2003



J F Hermans  
Secretary

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

## **De La Rue Holdings plc**

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

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

#### **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.

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. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

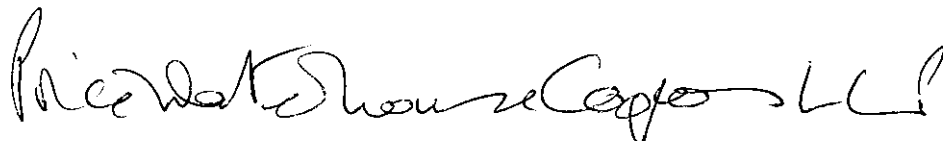
#### **Basis of audit opinion**

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 29 March 2003 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over a horizontal line.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, 24 October 2003

# De La Rue Holdings plc

## Profit and Loss Account

For the Year Ended 29 March 2003

	Note	2003 £'000	2002 (restated) £'000
Operating income/(expenditure)	3,4	1,562	(1,574)
Income from shares in group undertakings		9,729	50,000
Income from shares in associated undertakings		8,938	19,565
Impairment of Group investments		(21,416)	-
Reversal of impairment of Group investments		-	58,915
Operating (loss)/profit		(1,187)	126,906
Non-operating item	5	-	7,197
(Loss)/profit on ordinary activities before interest and taxation		(1,187)	134,103
Interest receivable and similar income	6	4,638	4,712
Interest payable and similar charges	7	(7,113)	(8,588)
(Loss)/profit on ordinary activities before taxation		(3,662)	130,227
Taxation on (loss)/profit on ordinary activities	8	2,914	380
(Loss)/profit on ordinary activities after taxation		(748)	130,607
Dividends paid (including non-equity)	9	-	(160,000)
Retained loss for the financial year	20	(748)	(29,393)

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

	2003 £'000	2002 (restated) £'000
Retained loss for the financial year	(748)	(29,393)
Currency translation differences on foreign currency net investments	134	(64)
Total recognised losses relating to the year	(614)	(29,457)
Prior year adjustment (see note 11)	58,915	-
Total gains and losses recognised since last annual report	58,301	(29,457)

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

# De La Rue Holdings plc

## Balance Sheet at 29 March 2003

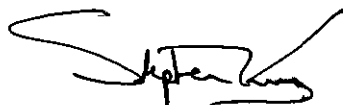
	Note	2003 £'000	2002 (restated) £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	21,023	21,039
Investments	11	760,426	781,945
		781,449	802,984
<b>Current assets</b>			
Debtors - due within one year	14	9,635	1,763
Debtors - due after one year	14	363,645	885,986
Deferred taxation	15	4,476	-
Cash at bank and in hand		135,529	12,319
		513,285	900,068
<b>Creditors – amounts falling due within one year</b>	16	(150,251)	(106,528)
<b>Net current assets</b>		363,034	793,540
<b>Total assets less current liabilities</b>		1,144,483	1,596,524
<b>Creditors – amounts due after one year</b>	17	(819,044)	(1,266,676)
<b>Provisions for liabilities and charges</b>	18	(5,106)	(8,901)
<b>Net assets</b>		320,333	320,947
<b>Capital and reserves</b>			
Called up share capital	19	56,407	56,407
Share premium account	20	11,958	11,958
Other reserves	20	149,670	149,670
Revaluation reserve	20	66	66
Profit and loss account	20	102,232	102,846
<b>Shareholders' funds</b>	21	320,333	320,947

Approved by the Board of Directors on

24 October

2003

S King  
Director



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



# **De La Rue Holdings plc**

## **Notes to the Financial Statements - 29 March 2003**

### **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 29 March 2003, being the nearest Saturday to 31 March. The comparatives for the 2002 financial year are for the year ended 30 March 2002.

#### **(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) 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.

#### **(d) 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.

#### **(e) 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.

# De La Rue Holdings plc

## Notes to the Financial Statements - 29 March 2003

### 1 Accounting policies (Continued)

#### (f) Leasing

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

#### (g) 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.

#### (h) 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.

#### (i) 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.

### 2 Directors' emoluments

Directors' emoluments are shown below. The emoluments for Mr I F R Much, Mr S A King and Mr P R Hollingworth, included in the amounts below, are borne by De La Rue plc the immediate and ultimate parent of the Group. Retirement benefits are accruing to four directors under the Company's money purchase schemes and to 7 directors under a defined benefit scheme.

	2003 £'000	2002 £'000
Aggregate emoluments	1,406	236
Company pension contributions to money purchase schemes	222	-
Contributions to defined benefit scheme	36	9

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**2 Directors' emoluments (Continued)**

Highest paid director:

	2003 £'000	2002 £'000
Emoluments	509	227
Company pension contributions to money purchase scheme	194	-
Defined benefit pension scheme: accrued pension at end of year	7	47

The highest paid director did not exercise any share options during the year.

**3 Operating income/(costs)**

	2003 £'000	2002 £'000
Administrative expenses	(9,066)	(11,099)
Management fee income	10,628	9,525
	<u>1,562</u>	<u>(1,574)</u>

**4 Operating (loss)/profit**

	2003 £'000	2002 £'000
Operating (loss)/profit is stated after charging the following:		
Staff costs		
- Wages and salaries	5,609	5,835
- Social security costs	653	478
- Other pension costs	347	366
Depreciation of tangible fixed assets		
- purchased	780	801
Auditors' remuneration		
- audit fees	224	160
- non-audit related fees	-	-
Research and development	-	344
Directors' emoluments (see note 2)	1,406	236
Write off of investments	21,416	-
Loss on sale of fixed assets	9	-

**5 Non-operating item**

	2003 £'000	2002 £'000
Profit on the part disposal of the shareholding in the Camelot Group Plc	-	7,197

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**6 Interest receivable and similar income**

	2003 £'000	2002 £'000
Interest receivable from Group undertakings	2,938	2,643
External interest receivable	1,700	2,069
	<b>4,638</b>	<b>4,712</b>

**7 Interest payable and similar charges**

	2003 £'000	2002 £'000
Interest payable on bank loans and other borrowings repayable within 5 years	3,683	6,541
Interest payable to Group undertakings	3,430	2,047
	<b>7,113</b>	<b>8,588</b>

**8 Taxation on (loss)/profit on ordinary activities**

	2003 £'000	2002 £'000
<b>Current tax</b>		
UK corporation tax at 30% (2002: 30%)	630	(1,360)
Adjustments in respect of prior years	-	(7,062)
	630	(8,422)
Double taxation relief	(780)	(40)
	(150)	(8,462)
<b>Deferred tax</b>		
Origination and reversal of timing difference	(2,164)	3,443
Adjustment in respect of prior years	(600)	4,639
	(2,764)	8,082
<b>Total tax charge on ordinary activities</b>	<b>(2,914)</b>	<b>(380)</b>

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**8 Taxation on (loss)/profit on ordinary activities (Continued)**

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

	2003 £'000	2002 £'000
(Loss)/profit on ordinary activities before taxation	(3,662)	130,227
Expected tax (credit)/charge at 30%	(1,099)	39,068
Income from shares in Group undertakings	-	(15,000)
Income from shares in associated undertakings	(2,681)	(5,870)
Overseas dividends	(498)	-
Disallowables and other items	6,866	(17,065)
Profit on disposal of investments	26	(2,159)
Current – prior years	-	(7,062)
ACT written back	-	-
Tax charge relating to other UK subsidiaries	(2,764)	(374)
Current tax charge	(150)	(8,462)

**9 Dividends**

	2003 £'000	2002 £'000
Ordinary shares		
Interim proposed (first)	-	40,000
Interim proposed (second)	-	120,000
	-	160,000
	Pence	Pence
Net dividend per ordinary share		
Interim proposed (first)	-	17.7
Interim proposed (second)	-	53.2
	-	70.9

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**10 Tangible fixed assets**

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 31 March 2002	24,583	2,954	27,537
Additions	-	782	782
Disposals	-	(34)	(34)
<b>At 29 March 2003</b>	<b>24,583</b>	<b>3,702</b>	<b>28,285</b>
<b>Accumulated depreciation</b>			
At 31 March 2002	4,808	1,690	6,498
Provision for the year	486	294	780
Disposals	-	(16)	(16)
<b>At 29 March 2003</b>	<b>5,294</b>	<b>1,968</b>	<b>7,262</b>
<b>Net book value</b>			
<b>At 31 March 2002</b>	<b>19,775</b>	<b>1,264</b>	<b>21,039</b>
<b>At 29 March 2003</b>	<b>19,289</b>	<b>1,734</b>	<b>21,023</b>
		<b>2003</b>	<b>2002</b>
		<b>£'000</b>	<b>£'000</b>
<b>Land and buildings comprise</b>			
<b>Net book value</b>			
Freehold		3,427	3,500
Long leasehold		15,862	16,275
		<b>19,289</b>	<b>19,775</b>

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 (2002: £2.4m).

**11 Investments**

	Investments in Subsidiaries (restated) £'000	Investments in associated Companies £'000	Other Investments £'000	Total (restated) £'000
<b>Cost/Valuation</b>				
At 31 March 2002	770,661	10,998	286	781,945
Additions	80	-	-	80
Write off of investments	(21,416)	-	-	(21,416)
Provisions	-	-	(69)	(69)
Effect of foreign exchange movements	(114)	-	-	(114)
<b>At 29 March 2003</b>	<b>749,211</b>	<b>10,998</b>	<b>217</b>	<b>760,426</b>

# De La Rue Holdings plc

## Notes to the Financial Statements - 29 March 2003

### 11 Investments (Continued)

The comparative figures for 2001/2002 have been restated to reflect reversal of the impairment provision made in relation to the investment in De La Rue Inc in the year to 31 March 1998. This item has been treated as a prior year adjustment. The effect of this change on the results for the current period is to decrease the profit on revaluation of investments disclosed in the profit and loss account by £2.1 million. The effect on the profit and loss account and the balance sheet of the comparative year is summarised below:

#### Profit and Loss Account

	Previously Reported £'000	Adjustment £'000	Restated £'000
Operating loss	(1,574)	-	(1,574)
Income from shares in group undertakings	50,000	-	50,000
Income from shares in associated undertakings	19,565	-	19,565
Reversal of impairment of Group investments	-	58,915	58,915
Operating profit	67,991	58,915	126,906
Non-operating item	7,197	-	7,197
Profit on ordinary activities before interest and taxation	75,188	58,915	134,103
Interest receivable and similar income	4,712	-	4,712
Interest payable and similar charges	(8,588)	-	(8,588)
Profit on ordinary activities before taxation	71,312	58,915	130,227
Taxation on profit on ordinary activities	380	-	380
Profit on ordinary activities after taxation	71,692	58,915	130,607
Dividends paid (including non-equity)	(160,000)	-	(160,000)
Retained loss for the financial year	(88,308)	58,915	(29,393)

#### Balance sheet

Investments	723,030	58,915	781,945
Profit and loss account	43,931	58,915	102,846

On 8 October 2002, the £80,000 investment in Thomas De La Rue and Company (Ireland) Limited was transferred to the Company from De La Rue Overseas Limited.

The Directors reviewed the fixed asset investments of the company as at 29 March 2003. The results of this review have been incorporated in the financial statements so as to reduce the aggregate carrying value of investments in subsidiaries by £21,416,000, which includes the write off of the investment in De La Rue Systems Asia Pacific Limited of £89,000 on liquidation of that

## De La Rue Holdings plc

### Notes to the Financial Statements - 29 March 2003

#### Investments (Continued)

company and full impairment of the investment in Bradbury Wilkinson Holdings Limited of £21,327,000.

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 Company and its directly held subsidiaries.

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 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%
Thomas De La Rue and Company (Ireland) Limited	Ireland	Ordinary	100%

## 13 Associated undertakings

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

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

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



**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**14 Debtors**

	2003 £'000	2002 £'000
<b>Amounts due within one year</b>		
Trade debtors	190	190
Amounts owed by Group undertakings	7,631	323
Other debtors	1,286	573
Prepayments and accrued income	528	677
	<b>9,635</b>	<b>1,763</b>
<b>Amounts due after one year</b>		
Amounts owed by Group undertakings	363,581	885,986
Other debtors	64	-
	<b>363,645</b>	<b>885,986</b>

**15 Deferred taxation**

	2003 £'000	2002 £'000
<b>Provided</b>		
Timing differences between capital allowances and depreciation	3,730	6,710
Miscellaneous timing differences	(8,206)	(6,322)
<b>At 29 March 2003</b>	<b>(4,476)</b>	<b>388</b>
<b>Comprising:</b>		
Assets	(4,476)	-
Liabilities	-	388
<b>At March 2003</b>	<b>(4,476)</b>	<b>388</b>

The movement on the deferred taxation account is explained as follows:

	£'000
At 31 March 2002	388
Amount credited to the profit and loss account for the year	(2,764)
Amount transferred from Group companies	(2,100)
<b>At 29 March 2003</b>	<b>(4,476)</b>

The amount transferred from group companies of £2.1m reflects the balance transferred from the House of Questa Limited, a company acquired by De La Rue International Limited during the year. The transfer is consistent with De La Rue group policy that taxation relating to its direct and indirect UK subsidiaries should be dealt with in the accounts of De La Rue Holdings plc.

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**16 Creditors - amounts due within one year**

	2003 £'000	2002 £'000
Overdrafts	106,230	69,437
Short term borrowings	106,230	69,437
Trade creditors	959	976
Amounts due to Group undertakings	30,374	30,681
Taxation	7,732	1,721
Other short term creditors	2,923	1,918
Accruals and deferred income	2,033	1,795
Other creditors	44,021	37,091
	<b>150,251</b>	<b>106,528</b>

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

**17 Creditors - amounts due after one year**

	2003 £'000	2002 £'000
Bank Loans due:		
Between two and five years	26,806	24,648
Long term borrowings	26,806	24,648
Amounts owed to Group undertakings	792,238	1,241,539
Other long term creditors	-	489
Other creditors	792,238	1,242,028
	<b>819,044</b>	<b>1,266,676</b>

**18 Provisions for liabilities and charges**

	Pensions & similar obligations £'000	Deferred Taxation £'000	Other £'000	Total £'000
At 31 March 2002	1,113	388	7,400	8,901
Provided in year	(83)	-	-	(83)
Utilised in year	-	-	(3,324)	(3,324)
Released in year	-	(388)	-	(388)
At 29 March 2003	<b>1,030</b>	<b>-</b>	<b>4,076</b>	<b>5,106</b>

Other provisions include £2.1m (2002: £2.4m) 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) and £2.0m of disposal provisions.

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

**De La Rue Holdings plc**  
**Notes to the Financial Statements - 29 March 2003**

**19 Called up share capital**

	29 March 2003 £'000	31 March 2002 £'000
<b>Authorised:</b>		
274,000,000 Ordinary shares of 25p each	68,500	68,500
<b>Allotted, issued and fully paid:</b>		
225,628,982 Ordinary shares of 25p each	56,407	56,407

**20 Reserves**

	Share Premium Account £'000	Other Reserves £'000	Revaluation Reserve £'000	Profit and loss account (restated) £'000	Total (restated) £'000
At 31 March 2002	11,958	149,670	66	102,846	264,540
Retained profit for the year	-	-	-	(748)	(748)
Currency translation	-	-	-	134	134
At 29 March 2003	11,958	149,670	66	102,232	263,926

**21 Reconciliation of movements in shareholders' funds**

	2003 £'000	2002 (restated) £'000
Profit/(loss) for the financial year transferred to reserves	(748)	(29,393)
Other recognised gains relating to the year (net)	134	(64)
Net increase/(reduction) in shareholders' funds	(614)	(29,457)
Opening shareholders' funds	320,947	350,404
Closing shareholders' funds	320,333	320,947

The opening shareholders' funds of £320,947 includes a prior year adjustment of £58,915 (note 11).

**22 Particulars of employees**

	2003 Number	2002 Number
The average number of persons employed by the Company during the year was:		
United Kingdom (admin)	82	87

## **De La Rue Holdings plc**

### **Notes to the Financial Statements - 29 March 2003**

#### **23 Pension costs**

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 £347,000 (2002: £366,000). A provision of £1,030,000 (2002: £1,113,000) 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.

##### **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" the transitional disclosures set out below are required.

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 scheme are contained in the consolidated financial statements of De La Rue plc.

#### **24 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.

#### **25 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. References to "Group" means to the Company and its subsidiaries and to De La Rue plc.