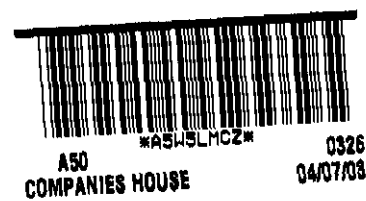


Registered Number 167950

ARG (FINANCE) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 JANUARY 2003



ARG (FINANCE) LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2003**

The Directors present herewith the audited accounts for the year ended 31 January 2003.

Business Activity

The Company provides card handling services to retail customers.

Results and Dividends

The profit and loss account for the year is set out on page 5. The profit for the year, after taxation, amounted to £817,522 (2002: £589,971).

The Directors have paid an interim dividend for the year ended 31 January 2003 of £700,000 (2002: £500,000), thus leaving £117,522 to be transferred to retained reserves.

The Environment

The environmental committee, comprising of representatives from throughout the Austin Reed Group, has increased the focus of attention on issues of an environmental nature during the year. It reports directly to the Chief Executive of Austin Reed Group PLC and the Executive Committee, who are responsible for overseeing the implementation of an environmental policy.

The committee has developed and issued an Environmental Statement to employees and suppliers. An environmental review was also carried out during 2002, and this covered all parts of the business and confirmed the group's policy. The main focus of attention remains in the areas of packaging waste, use of raw materials, energy usage and transport.

Directors

The Directors who served during the year were as follows:

G Gibson
RW Jennings

During the year no Director had any interest in the share capital of the Company or any group undertaking other than the ultimate holding company and no rights to subscribe for such interests were granted.

Directors' Interests

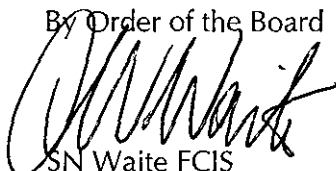
According to the register required to be kept by Section 325 of the Companies Act 1985, no director at 31 January 2003 had any interest in the shares of the Company. As permitted by Statutory Instrument the register does not include any shareholdings of Directors who are also Directors of the Holding Company.

Auditors and Annual General Meeting

Pursuant to a resolution passed by the members, the Company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the Company in General Meeting, and with the obligation to reappoint the auditors annually.

However, following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 25 February 2003 and the Directors appointed its successor PricewaterhouseCoopers LLP as auditors.

By Order of the Board

A handwritten signature in black ink, appearing to read 'SN Waite', written over the printed name.

SN Waite FCIS
Company Secretary

9 April 2003

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The Directors are required by UK Company Law to prepare accounts 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 the accounts for the year ended 31 January 2003 suitable accounting policies have been used and applied consistently, framed by reference to reasonable and prudent judgements and estimates. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for ensuring that steps are taken to prevent and detect fraud and other irregularities.

By Order of the Board



SN WAITE

Company Secretary

9 April 2003

Independent auditors' report to the members of ARG (Finance) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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 31 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
9 April 2003

ARG (FINANCE) LIMITED
PROFIT & LOSS ACCOUNT

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For the year ended 31 January 2003

	Notes	2003 £	2002 £
Turnover	1	1,954,769	1,325,729
Administration expenses		786,880	482,758
Profit on ordinary activities before taxation	2	<u>1,167,889</u>	<u>842,971</u>
Taxation	4	350,367	253,000
Profit for the financial year		<u>817,522</u>	<u>589,971</u>
Dividends	5	700,000	500,000
Retained profit for the year	9	<u><u>117,522</u></u>	<u><u>89,971</u></u>

All operations are continuing.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

ARG (FINANCE) LIMITED
BALANCE SHEET

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at 31 January 2003

	Notes	2003 £	2002 £
CURRENT ASSETS			
Debtors	6	1,609,230	1,121,462
		<u>1,609,230</u>	<u>1,121,462</u>
CREDITORS			
Amounts falling due within one year	7	1,345,124	974,878
Total assets less current liabilities		<u>264,106</u>	<u>146,584</u>
CAPITAL AND RESERVES			
Called up share capital	8	56,613	56,613
Profit and loss account	9	207,493	89,971
Equity shareholder's funds	10	<u>264,106</u>	<u>146,584</u>
Equity shareholder's funds		208,603	91,081
Non-equity shareholder's funds		<u>55,503</u>	<u>55,503</u>
Total shareholder's funds		<u>264,106</u>	<u>146,584</u>

The accounts on pages 5 to 9 were approved by the Board of Directors on 9 April 2003 and are signed on its behalf by :

G Gibson



Director

ARG (FINANCE) LIMITED
NOTES TO THE ACCOUNTS

at 31 January 2003

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and Accounting Standards in the United Kingdom.

Turnover

Turnover represents amounts charged to customers for provision of card handling services. Turnover excludes Value Added Tax and is recognised at the point of sale.

Pension Scheme

The company's pensionable employees are members of the Austin Reed Group contributory defined benefit scheme. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary. Actuarial surpluses are recognised over the expected average remaining service lives of the scheme members.

Cashflow Statement

The company is a wholly-owned subsidiary of Austin Reed Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of Austin Reed Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - Audit fees	1,000	1,000
Management charges payable to fellow subsidiary	24,000	17,250

3. EMPLOYEES

The salary costs of staff employed during the year were borne by a fellow subsidiary company.

Directors' Remuneration

None of the directors received any emoluments or had pension contributions made on their behalf in respect of services to the company in either year.

at 31 January 2003

4. TAXATION

The taxation charge which is based on the profit for the year is made up as follows :-

	2003 £	2002 £
Current tax		
UK Corporation tax at 30.0% (2002: 30.0%)	350,367	253,000
	<u>350,367</u>	<u>253,000</u>

5. DIVIDENDS PAID AND PROPOSED

	2003 £	2002 £
Dividends on equity shares		
Ordinary - Interim paid of £630.63 per share (2002: £450.45)	700,000	500,000
	<u>700,000</u>	<u>500,000</u>

6. DEBTORS

Amounts falling due within one year

	2003 £	2002 £
Trade debtors	658,005	694,583
Amount due from parent company	951,225	426,879
	<u>1,609,230</u>	<u>1,121,462</u>

7. CREDITORS

Amounts falling due within one year

	2003 £	2002 £
Corporation tax	603,367	253,000
Other taxation and social security	-	208,035
Accruals	41,757	13,843
Dividend payable	700,000	500,000
	<u>1,345,124</u>	<u>974,878</u>

at 31 January 2003

8. SHARE CAPITAL

	2003 £	2002 £
Authorised share capital		
55,503 preference shares of £1 each	55,503	55,503
44,497 ordinary shares of £1 each	44,497	44,497
	<u>100,000</u>	<u>100,000</u>
Issued, called up and fully paid		
55,503 (2002: 55,503) preference shares of £1 each	55,503	55,503
1,110 (2002: 1,110) ordinary shares of £1 each	1,110	1,110
	<u>56,613</u>	<u>56,613</u>

9. PROFIT AND LOSS ACCOUNT

	2003 £	2002 £
At 1 February 2002	89,971	-
Retained profit for the year	117,522	89,971
At 31 January 2003	<u>207,493</u>	<u>89,971</u>

10. MOVEMENT IN SHAREHOLDER'S FUNDS

	2003 £	2002 £
Opening shareholder's funds	146,584	56,613
Profit for the financial year	817,522	589,971
Dividends	(700,000)	(500,000)
Closing shareholder's funds	<u>264,106</u>	<u>146,584</u>

11. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Austin Reed Group PLC, a company registered in England. Under the terms of Financial Reporting Standard No. 8 ARG (Finance) Limited is exempt from disclosing related party transactions and balances with entities within Austin Reed Group PLC. Copies of the consolidated accounts can be obtained from The Secretary, Station Road, Thirsk, North Yorkshire YO7 1QH.

