

Registered Number 167950

ARG (FINANCE) LIMITED
(FORMERLY AUSTIN REED (MANUFACTURING) LIMITED)

REPORT AND ACCOUNTS

YEAR ENDED 31 JANUARY 2002



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**ARG (FINANCE) LIMITED
(FORMERLY AUSTIN REED (MANUFACTURING) LIMITED)**

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2002

The Directors present herewith the audited accounts for the year ended 31 January 2002.

Business Activity

The Company changed its name from Austin Reed (Manufacturing) Limited to ARG (Finance) Limited on 26 April 2001 and re-commenced trading on 17 June 2001 providing card handling services to retail customers. The Profit & Loss Account presented on page 5 is therefore for the period from 17 June 2001 to 31 January 2002.

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 £589,971 (2001: £nil).

The Directors have paid an interim dividend for the year ended 31 January 2002 of £250,000 per share (2001: £nil), thus leaving £89,971 to be transferred to retained reserves.

The Environment

The Company is committed to environmental improvement and during the year the Austin Reed Group formed an Environmental Committee, comprised of managers from throughout the network. The Committee is in the early stages of development but will consider the implications of a number of issues, including package 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.

As permitted by Statutory Instrument, the register of Directors' Interests does not include any shareholdings of Directors who are also Directors of the holding company.

Directors' Interests

According to the register required to be kept by Section 325 of the Companies Act 1985, no director at 31 January 2002 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 re-appoint the auditors annually.

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

10 April 2002

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 2002 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

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

SN WAITE

Company Secretary

10 April 2002

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.

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.

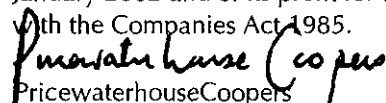
Basis of audit opinion

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Edinburgh
10 April 2002

For the period from 17 June 2001 to 31 January 2002

	Notes	2002 £	2001 £
Turnover	1	1,325,729	-
Administration expenses		482,758	-
Profit on ordinary activities before taxation	2	<u>842,971</u>	<u>-</u>
Taxation	4	253,000	-
Profit for the financial year		<u>589,971</u>	<u>-</u>
Dividends	5	500,000	-
Retained profit for the year	9	<u><u>89,971</u></u>	<u><u>-</u></u>

The company had no discontinued operations or acquisitions during the year.

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 2002

	Notes	2002 £	2001 £
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CURRENT ASSETS			
Debtors	6	1,064,851	2
		<u>1,064,851</u>	<u>2</u>
CREDITORS			
Amounts falling due within one year	7	974,878	-
Total assets less current liabilities		<u>89,973</u>	<u>2</u>
<hr/>			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	8	2	2
Retained profit	9	89,971	-
Equity shareholder's funds	10	<u>89,973</u>	<u>2</u>

The accounts on pages 5 to 9 were approved by the Board of Directors on 10 April 2002 and are signed on its behalf by :

G Gibson



Director

ARG (FINANCE) LIMITED
NOTES TO THE ACCOUNTS

at 31 January 2002

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.

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

	2002	2001
	£	£
Profit on ordinary activities before taxation		
is stated after charging:		
Auditors' remuneration - Audit fees	1,000	-
Management charges payable to fellow subsidiary	17,250	-
	<hr/>	<hr/>

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 2002

4. TAXATION

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

	2002	2001
	£	£
Current tax		
UK Corporation tax at 30.0%	253,000	-
	<u>253,000</u>	<u>-</u>

5. DIVIDENDS

	2002	2001
	£	£
Dividends on equity shares		
Ordinary - Interim paid of £250,000 per share (2001: £nil)	500,000	-
	<u>500,000</u>	<u>-</u>

6. DEBTORS

Amounts falling due within one year

	2002	2001
	£	£
Trade debtors	694,583	-
Amount due from parent company	370,268	2
	<u>1,064,851</u>	<u>2</u>

7. CREDITORS

Amounts falling due within one year

	2002	2001
	£	£
Corporation tax	253,000	-
Other taxation and social security	208,035	-
Accruals	13,843	-
Dividend payable	500,000	-
	<u>974,878</u>	<u>-</u>

at 31 January 2002

8. SHARE CAPITAL

	2002 £	2001 £
Ordinary shares of £1 each		
Authorised, issued, called up and fully paid	<u>2</u>	<u>2</u>

9. RETAINED PROFIT

	2002 £	2001 £
At 1 February 2001	-	-
Retained profit for the year	89,971	-
At 31 January 2002	<u>89,971</u>	<u>-</u>

10. MOVEMENT IN SHAREHOLDER'S FUNDS

	2002 £	2001 £
Opening shareholder's funds	2	2
Profit for the financial year	589,971	0
Dividends	(500,000)	0
Closing shareholder's funds	<u>89,973</u>	<u>2</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, PO Box 2, Thirsk, North Yorkshire YO7 1PF.