

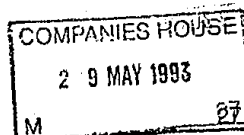
04-06-93

Company Registration No: 932159

TRAFALGAR HOUSE SERVICES LIMITED

REPORT AND ACCOUNTS

30TH SEPTEMBER 1992



# 04-06-93

## TRAFALGAR HOUSE SERVICES LIMITED

### DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Statement of Accounts for the year ended 30th September 1992.

#### PRINCIPAL ACTIVITY

The Company's principal activity is the provision of management and administrative services to other companies in Trafalgar House and to act as a parent company.

#### BUSINESS REVIEW

The Company continues to provide services to companies in Trafalgar House and act as a holding company for certain subsidiaries. The Board's policy is to ensure that its service departments keep abreast of the latest developments in their respective fields so that the services given to operating units are continuously updated and improved.

#### RESULTS

The results for the year are set out in the profit and loss account on page 2.

#### DIVIDENDS AND TRANSFERS TO RESERVES

An interim dividend of £10,500,000 was declared on the issued Ordinary share capital of the Company in respect of the year ended 30th September 1992. Payment was made on 13th January 1993 to holders of Ordinary shares registered in the books of the Company on that date. It is not proposed to declare a final dividend.

Retained losses of £3,232,445 have been transferred from reserves.

#### FIXED ASSETS

Details of the movements in fixed assets during the year are given in Note 8 to the accounts.

#### DIRECTORS

The following persons were Directors of the Company during the year:-

Sir Eric Parker	(resigned 18th November 1992)
Mr. J.R.W. Ansdell	
Mr. I. Fowler	
Mr. R. Axford	
Mr. S. C. Bagnold	(resigned 31st December 1991)
Mr. P.W. Coles	
Mr. T.B. Coombs	(resigned 16th July 1992)
Mr. J.K.S. Elsdon	
Mr. A.L. Fenton	
Mr. W.T. Halford	(appointed 1st May 1992)
Mr. B.A. Izzard	
Mr. M.J.R. Lalley	
Mr. G. Lyons	
Mr. I.A.M. Muir	
Mr. A. Riding	
Mr. J. Ross	
Mr. J.D. Shasha	
Mr. G.M. Staines	(resigned 31st December 1992)

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## TRAFALGAR HOUSE SERVICES LIMITED

### DIRECTORS' REPORT (continued)

Mr. A.G. Gormly and Mrs. M.R.A. Ellis were appointed as Directors of the Company on 18th November 1992 and 31st December 1992 respectively.

### DIRECTORS' SHARE INTERESTS

The interests of those Directors who at 30th September 1992 were not also directors of the ultimate parent company, Trafalgar House Public Limited Company, are shown below. No Director had any interests in the shares or debentures of the Company.

#### Trafalgar House Public Limited Company - Ordinary 20p shares

	<u>At 30th September 1992</u>		<u>At 30th September 1991</u> (or subsequent date of appointment)	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
Mr. R. Axford	713	94,219	685	88,360
Mr. P.W. Coles	10,704	112,579	10,704	106,720
Mr. J.K.S. Elsdon	10,989	88,548	10,953	90,381
Mr. A.L. Fenton	Nil	55,860	Nil	40,001
Mr. W.T. Halford	15,000	40,000	10,000	Nil
Mr. B.A. Izzard	Nil	66,186	Nil	54,761
Mr. M.J.R. Lalley	478	68,428	478	65,499
Mr. G. Lyons	7,394	43,394	4,048	33,394
Mr. I.A.M. Muir	50	71,084	50	71,084
Mr. A. Riding	762	51,273	646	58,965
Mr. J. Ross	Nil	71,084	Nil	71,084
Mr. J.D. Shasha	Nil	52,119	Nil	32,119
Mr. G.M. Staines	Nil	58,107	Nil	43,107

#### Trafalgar House Public Limited Company 'A' Ordinary 20p shares

	<u>At 30th September 1992</u>		<u>At 30th September 1991</u> (or subsequent date of appointment)	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
Mr. R. Axford	4,777	Nil	4,228	Nil
Mr. P.W. Coles	6,929	Nil	3,368	Nil
Mr. J.K.S. Elsdon	Nil	Nil	Nil	Nil
Mr. A.L. Fenton	Nil	Nil	Nil	Nil
Mr. W.T. Halford	Nil	Nil	Nil	Nil
Mr. B.A. Izzard	2,083	Nil	Nil	Nil
Mr. M.J.R. Lalley	Nil	Nil	Nil	Nil
Mr. G. Lyons	13	Nil	12	Nil
Mr. I.A.M. Muir	6,524	Nil	1,350	Nil
Mr. A. Riding	17,050	Nil	12	Nil

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## TRAFALGAR HOUSE SERVICES LIMITED

### DIRECTORS' REPORT (continued)

#### Trafalgar House Public Limited Company 'A' Ordinary 20p shares

	<u>At 30th September 1992</u>		<u>At 30th September 1991</u> (or subsequent date of appointment)	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
Mr. J. Ross	Nil	Nil	Nil	Nil
Mr. J.D. Shasha	Nil	Nil	Nil	Nil
Mr. G.M. Staines	Nil	Nil	Nil	Nil

The above figures include interests acquired under the terms of Trafalgar House Public Limited Company's profit sharing and share option schemes.

#### EMPLOYMENT POLICIES

Throughout the year the Company has contained its policies on employment, maintaining its practice of keeping employees informed about current activities and progress by various methods, including in-house publications. Participation and involvement are encouraged through formal trade union channels and by participation in the Trafalgar House share options and profit sharing schemes, including the 1990 Savings Related Share Option Scheme.

The Company is committed to the policy of providing equal opportunities for all, regardless of race, religion, sex or disablement, giving special attention to the employment of disabled persons.

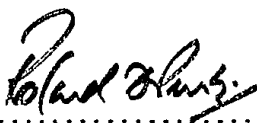
The Company and its senior management recognise their responsibilities for the health and safety of their employees and of members of the community in which they operate.

Priority continues to be given to training and management development, so as to ensure a supply of trained and skilled employees who will be required to ensure the continuing success of the Company.

#### AUDITORS

Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually was passed at an Extraordinary General Meeting held on 23rd September 1991.

By Order of the Board

  
.....  
R.D. Peate  
Secretary

10th May 1993

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AUDITORS' REPORT TO THE MEMBERS

of

TRAFALGAR HOUSE SERVICES LIMITED

We have audited the accounts and notes on pages 2 to 9 in accordance with Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of affairs of the Company at 30th September 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross & Co*

TOUCHE ROSS & CO.  
Chartered Accountants  
and Registered Auditor  
Hill House  
1 Little New Street  
London EC4A 3TR

*10th May* 1993

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TRAFALGAR HOUSE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
Turnover	3	43,743,784	42,290,616
Cost of Sales		(32,766,471)	(32,407,618)
Gross profit	4	10,977,313	9,882,998
Income from shares in subsidiary undertakings		4,262,574	10,128,782
Interest receivable		1,220,742	1,579,003
Interest payable & similar charges	5	(1,623,071)	(1,702,100)
Profit on ordinary activities before taxation		14,837,558	19,888,683
Tax on profit on ordinary activities	6	(7,570,003)	(35,642)
Profit on ordinary activities after taxation		7,267,555	19,853,041
Interim dividend payable	7	(10,500,000)	(15,000,000)
(Loss)/profit retained		(3,232,445)	4,853,041
Brought forward as previously reported		20,533,566	15,279,837
Prior year adjustment		-	400,688
As restated		20,533,566	15,680,525
(Loss)/profit retained		(3,232,445)	4,853,041
Carried forward		17,301,121	20,533,566



## TRAFALGAR HOUSE SERVICES LIMITED

### NOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 1992

1. Ultimate parent company

The ultimate parent Company is Trafalgar House Public Limited Company, which is registered in England and Wales. Copies of the Report and Accounts of Trafalgar House Public Limited Company are available from The Company Secretary's Office at 1 Berkeley Street, London W1A 1BY.

2. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. The accounting policies adopted are disclosed in the appropriate notes below.

3. Turnover

Turnover represents gross management fees, service charges and commissions receivable from Trafalgar House companies.

4. Gross profit

	<u>1992</u> £	<u>1991</u> £
This is stated after charging:		
Depreciation of tangible fixed assets	2,301,906	1,461,603
Hire of plant and machinery	752,074	949,518
Rental costs under operating leases of plant and machinery	5,000,280	5,764,521
Audit fee	250,000	250,000
(Surplus)/deficit on disposal of tangible fixed assets	(114,581)	40,210
Finance charges in respect of finance leases	55,928	14,906
	=====	=====

Staff costs including Directors' emoluments:

Wages and salaries	8,650,236	8,831,143
Social security costs	909,387	719,201
Other pension costs	1,057,316	1,250,586
	-----	-----
	10,616,939	10,800,930
	=====	=====

The average weekly number of employees, all of whom were engaged in the United Kingdom on the Company's principal activity, was 391 (1991 - 438).

Directors' emoluments

As executives	1,825,979	1,637,148
	=====	=====

Additional information concerning Directors' emoluments is as follows:

Emoluments of the Chairman	451,500	432,000
	=====	=====



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## TRAFALGAR HOUSE SERVICES LIMITED

### NOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 1992

4. Gross profit (continued)  
Particulars of other directors' emoluments:

	<u>1992</u> £	<u>1991</u> £
	<u>Numbers</u>	<u>Numbers</u>
£ 0 - £ 5,000	4	5
£ 25,001 - £ 30,000	1	-
£ 35,001 - £ 40,000	-	1
£ 40,001 - £ 45,000	1	2
£ 45,001 - £ 50,000	3	-
£ 50,001 - £ 55,000	-	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	1	2
£ 65,001 - £ 70,000	-	1
£ 70,001 - £ 75,000	1	-
£ 80,001 - £ 85,000	-	2
£ 85,001 - £ 90,000	1	1
£ 90,001 - £ 95,000	1	-
£100,001 - £105,000	1	-
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-
£170,001 - £175,000	-	1
£175,001 - £180,000	1	-
	=====	=====

5. Interest payable & similar charges

Bank borrowings repayable within five years	735,060	705,261
Inter-company	888,011	996,839
	-----	-----
	1,623,071	1,702,100
	=====	=====

6. Tax on profit on ordinary activities

U.K. corporation tax @ 33%	41,471	35,642
Less double tax relief	(41,471)	(35,642)
	-----	-----
	-	-
	-----	-----
Group relief payment	1,383,429	-
Group relief payment - prior year	6,145,103	-
Overseas withholding tax	41,471	35,642
	-----	-----
	7,570,003	35,642
	=====	=====

There is no potential liability to deferred taxation.

## TRAFALGAR HOUSE SERVICES LIMITED

### NOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 1992

7. <u>Dividends</u>	<u>1992</u>	<u>1991</u>
Ordinary shares of £1 - proposed dividend per share	10.5p =====	15p =====
8. <u>Tangible fixed assets</u>	<u>Plant and equipment</u> £	
Cost		
At 30th September 1991	13,184,746	
Expenditure	3,130,156	
Transferred from Trafalgar House companies	2,242,257	
	18,557,159	
Disposals	(2,623,864)	
Transferred to Trafalgar House companies	(201,304)	
	15,731,991	
At 30th September 1992		
<u>Accumulated depreciation</u>		
At 30th September 1991	9,354,057	
Charged in year	2,301,906	
Transferred from Trafalgar House companies	1,488,277	
	13,144,240	
On disposals	(2,096,625)	
Transferred to Trafalgar House companies	(148,059)	
	10,899,556	
At 30th September 1992		
<u>Book value 30th September 1992</u>	4,832,435 =====	
<u>Book value 30th September 1991</u>	3,830,689 =====	

Plant and equipment includes motor vehicles, machinery, and fixtures and fittings.

Included in the above figures are fully depreciated assets with a cost of £5,601,376.

Depreciation is provided by the straight line method based on the anticipated lives of between 1 and 20 years.

Included at 30th September 1992 is plant and equipment with a cost of £2,111,239 (1991 - £1,606,787) and net book value of £571,365 (1991 - £188,234) held under finance leases. Depreciation charged in the year on such assets is £655,959 (1991 - £95,151).

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## TRAFALGAR HOUSE SERVICES LIMITED

### NOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 1992

#### 9. Investment in subsidiary undertakings

	£
At 30th September 1991	133,433,100
Additions	8,838,462
	<hr/>
At 30th September 1992	142,271,562
	<hr/>

Shares in subsidiary undertakings have been valued at cost less amounts written off.

Group accounts are not submitted as the Company is a wholly owned subsidiary of a company incorporated in Great Britain.

The direct subsidiary companies are listed below. The shares held are ordinary shares and the companies are wholly owned and registered in England and Wales.

Allied Business Systems Limited  
Parent company  
Collin Wilson Insurance Brokers (London) Limited  
Provision of insurance services  
Trafalgar House Finance PLC  
Provision of treasury services  
Trafalgar House Investment Management Limited  
Did not trade during the year  
Trafalgar House Pensions Administration Limited  
Did not trade during the year  
Trafalgar House Estates Limited  
Property management  
Trafalgar House Information Systems Limited  
Information technology support and development services  
Trafalgar House Purchasing and Office Management Limited  
Procurement and office management services  
Trafalgar House Management Limited  
Property management  
Davy Property Investments Limited (acquired during the year)  
Property management  
Davy Property Holdings Limited (acquired during the year)  
Property management

#### 10. Stocks

Stocks which consist of consumable stores and equipment held for re-sale to Trafalgar House companies are valued at the lower of cost and net realisable value.

## TRAFALGAR HOUSE SERVICES LIMITED

## NOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 1992

	<u>1992</u> £	<u>1991</u> £
11. <u>Debtors</u>		
Trade debtors	303,720	332,273
Amounts owed by fellow subsidiary undertakings	175,609,038	171,069,370
Amounts owed by subsidiary undertakings	4,705,090	204,843
Other debtors	138,205	95,481
Prepayments and accrued income	10,301,610	4,405,095
	<hr/> 191,057,663 <hr/>	<hr/> 176,107,062 <hr/>
12. <u>Creditors</u>		
Trade creditors	876,130	676,224
Amount owed to ultimate parent company	147,859,737	136,248,992
Amounts owed to fellow subsidiary undertakings	5,815,206	7,029,551
Amounts owed to subsidiary undertakings	29,270,438	19,538,984
Taxation and social security	12,680,132	16,118,699
Other creditors	9,928,955	5,472,456
Accruals and deferred income	6,302,555	2,707,041
	<hr/> 212,733,153 <hr/>	<hr/> 187,791,947 <hr/>
13. <u>Obligations under finance leases</u>		
Amounts due within one year	544,676	75,892
	<hr/>	<hr/>
Amounts due between one and five years	7,421	65,698
	<hr/>	<hr/>
Assets held under finance leases and the related obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised at a constant rate over the lease term and charged to the profit and loss account.		
14. <u>Called up share capital</u>		
	<u>1992</u> £	<u>1991</u> £
Authorised, allotted and fully paid:		
100,000,000 ordinary shares of £1 each	100,000,000	100,000,000
	<hr/>	<hr/>

TRAFALGAR HOUSE SERVICES LIMITEDNOTES TO THE ACCOUNTS AT 30TH SEPTEMBER 199215. Operating leases

£

Commitments to operating lease payments  
within one year are as follows:

In respect of leases expiring	
Within one year	2,918,858
Between two and five years	4,233,519
	<hr/>
	7,152,377
	=====

Rental costs under operating leases are charged to the profit and loss account as paid over the period of the lease.

16. Pension Arrangements

The Company's employees are members of defined benefit and defined contribution pension schemes operated by Trafalgar House under which contributions are paid by the Company and by employees.

The assets of the schemes are held in trustee administered funds separate from the finances of Trafalgar House.

The Company's contributions are based on the expected cost of pensions across Trafalgar House as a whole and are charged to the profit and loss account so as to spread the cost of pensions over the services lives of employees within Trafalgar House schemes.

Details of the actuarial valuation of Trafalgar House schemes are contained in the report and accounts of Trafalgar House Public Limited Company.

17. Contingent Liabilities

The Company has a contingent liability under a joint and several guarantee given to the bankers in support of the borrowings of other Trafalgar House companies party to a memorandum bank account of which this Company is a member.