

LONDON AND MANCHESTER (MANAGEMENT SERVICES) LIMITED

REPORT AND ACCOUNTS 1994

Registered Company Number 983330



DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1994

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 1994.

ACTIVITIES

The principal activity of the company is the provision of management services to group companies.

FINANCIAL RESULTS

Full details of the results for the year and the transfer to reserves are set out on page 6.

DIVIDEND

The directors do not recommend the payment of a dividend for the year.

FIXED ASSETS

Information relating to fixed assets is given in notes 8 and 9 to the accounts.

EMPLOYEES

The directors recognise that employees should be kept as fully informed as is both feasible and practicable concerning the activities and progress of the company and of the London and Manchester Group. This is achieved through regular meetings between management and staff and with the staff union and the publication of the Group's newspaper, Impact, which is produced four times a year and circulated to employees. The directors encourage staff to be involved in the Group's performance through employee share schemes operated by London and Manchester Group plc and a profit related pay scheme.

During the year the company has maintained the Group's policy regarding the employment of disabled persons. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Disabled persons employed by the company are offered the same opportunities as other employees in respect of training, career development and promotion.

DIRECTORS' REPORTFOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

## DIRECTORS

The directors listed below served throughout the year ended 31 December 1994. None of the directors had any beneficial interest in shares of the company but had the following interest in shares of the ultimate parent company, London and Manchester Group plc.

	Number of 25p shares	
	1.1.94	31.12.94
D M Jackson	1,791	1,866
W H Lea	987	1,032
D Low	16,667	16,957
T A Pyne	19,873	20,791

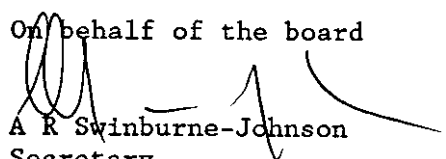
During the year the following options to subscribe for shares in London and Manchester Group plc were granted or exercised.

	Number of 25p shares	
	Granted	Exercised
W H Lea	20,259	0
D Low	516	290

## DIRECTORS' AND OFFICERS' INSURANCE

During the year the ultimate parent company maintained cover for the company's directors and officers under a directors' and officers' liability insurance policy, as permitted by section 310 of the Companies Act 1985.

On behalf of the board

  
A R Swinburne-Johnson  
Secretary

Winslade Park  
Exeter  
EX5 1DS

21 March 1995

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 year.

In preparing those accounts, the directors are required to:

- a select suitable accounting policies and then apply them consistently;
- b make judgements and estimates which are reasonable and prudent;
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- d prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF  
LONDON AND MANCHESTER (MANAGEMENT SERVICES) LIMITED

We have audited the accounts on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1994 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG  
KPMG

Chartered Accountants  
Registered Auditors

Linacre House  
Southernhay East  
Exeter  
EX1 1UG

21 March 1995

ACCOUNTING POLICIES

a Accounting convention

The accounts have been drawn up under the historical cost convention and in accordance with applicable accounting standards.

b Turnover

Turnover comprises management fees receivable.

c Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	- 10%
Office machinery and refurbishment	- 25%
Motor vehicles	- 25%
Computer equipment and software	- 20% to 25%

d Subsidiary undertakings

The subsidiaries of the company are included in its balance sheet at cost.

e Stocks

Stocks are stated at the lower of cost and net realisable value.

f Leases

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

g Pension costs

The London and Manchester Group of companies operates a pension scheme to which the majority of employees of the company belong. Payments made to the scheme and charged to expenses are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis.

h Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise, other than in respect of the timing difference relating to the pension scheme funding where full provision is made.

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	1994 £000	1993 £000
Turnover		56,683	56,005
Administrative expenses		(56,910)	(56,005)
		-----	-----
OPERATING PROFIT	2	(227)	-
Interest receivable	5	227	207
Interest payable	6	-	(207)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on profit on ordinary activities	7	-	-
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		-	-
		=====	=====

The company has no recognised gains or losses other than the result for the year.

BALANCE SHEET AS AT 31 DECEMBER 1994

	Note	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	8	9,174	9,857
Investments	9	1	1
		-----	-----
		9,175	9,858
		-----	-----
CURRENT ASSETS			
Stock - consumables		490	461
Debtors - due within one year	10	4,911	4,501
- due in more than one year	11	11,800	8,067
		-----	-----
		16,711	12,568
Cash at bank and in hand		6	5
		-----	-----
		17,207	13,034
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	23,361	21,166
		-----	-----
NET CURRENT LIABILITIES		(6,154)	(8,132)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		3,021	1,726
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	2,921	1,626
		-----	-----
		100	100
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account		-	-
		-----	-----
		100	100
		=====	=====

DIRECTOR

*D.M. Jackson*

D M Jackson



NOTES to the accounts

## 1 APPROVAL OF ACCOUNTS

The accounts on pages 5 to 12 were approved by the board of directors on 21 March 1995.

## 2 TRADING PROFIT

	1994 £000	1993 £000
Trading profit is arrived at after charging:		
Depreciation	3,174	2,855
Auditors remuneration	1	1
Property lease rentals	3,224	3,360
Other lease rentals	82	110
	=====	=====

All turnover arose within the United Kingdom.

## 3 EMPLOYEES

	1994	1993
The average number of employees (including directors) was :	2,359	2,561
	=====	=====
The costs incurred in respect of these employees were :	£000	£000
Wages and salaries	38,822	38,936
Social security costs	3,069	3,200
Other pension costs	9	9
	-----	-----
	41,900	42,145
	=====	=====

## 4 DIRECTORS' REMUNERATION

No remuneration was payable to any of the directors for the year in respect of services as a director of the company (1993 fnil).

## 5 INTEREST RECEIVABLE

	1994 £000	1993 £000
Loan interest receivable	26	27
Interest receivable from group undertakings	104	180
Other external interest receivable	97	-
	---	---
	227	207
	===	===

NOTES to the accounts

6	INTEREST PAYABLE	1994	1993			
		£000	£000			
	Interest on bank overdraft repayable within five years	-	1			
	Interest paid to group undertakings	-	206			
		---	---			
		-	207			
		===	===			
7	TAX ON PROFIT ON ORDINARY ACTIVITIES	1994	1993			
		£000	£000			
	Taxation is based on the result for the year and comprises :					
	Group relief receivable	(854)	(1,423)			
	Corporation tax - prior year adjustment	(441)	(495)			
	Deferred taxation - current year	854	1,423			
	- prior year adjustment	441	495			
		-----	---			
		-	-			
		=====	===			
8	TANGIBLE FIXED ASSETS					
		Office machinery and refurbishment	Computer equipment and software	Motor vehicles	Total	
	Fixtures and fittings	£000	£000	£000	£000	
	Cost					
	At 1 January	3,002	2,509	16,735	4,218	26,464
	Additions	185	194	1,334	1,545	3,258
	Disposals	-	(1)	(56)	(1,953)	(2,010)
	Transfers	(23)	280	(257)	-	-
		-----	-----	-----	-----	-----
	At 31 December	3,164	2,982	17,756	3,810	27,712
		-----	-----	-----	-----	-----
	Depreciation					
	At 1 January	1,925	1,982	11,191	1,509	16,607
	Charge for year	181	260	1,714	1,019	3,174
	On disposals	-	-	(36)	(1,207)	(1,243)
	Transfers	1	82	(83)	-	-
		-----	-----	-----	-----	-----
	At 31 December	2,107	2,324	12,786	1,321	18,538
		-----	-----	-----	-----	-----
	Net book value					
	At 31 December 1994	1,057	658	4,970	2,489	9,174
		=====	=====	=====	=====	=====
	At 31 December 1993	1,077	527	5,544	2,709	9,857
		=====	=====	=====	=====	=====

NOTE to the accounts (continued)

## 9 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings (unlisted)

	1994 £000	1993 £000
Shares at cost:		
At 1 January	1	-
Additions	-	1
	---	---
At 31 December	1	1
	===	===

On 17 August 1994 the company acquired the entire share capital of London and Manchester (Trustees) Limited from its subsidiary, London and Manchester (Nominees) Limited. This transaction was accounted for in accordance with the principles of acquisition accounting.

At 31 December 1994 the company had the following subsidiaries which were wholly owned, incorporated in Great Britain and registered in England and Wales :

London and Manchester (Nominees) Limited	Dormant
London and Manchester (Trustees) Limited	Dormant

At 31 December 1994 London and Manchester (Nominees) Limited had 16 dormant subsidiaries all of which were wholly owned, incorporated in Great Britain and registered in England and Wales except for Leslie Lintott & Associates (Scotland) which was incorporated in Great Britain and registered in Scotland.

Group accounts are not submitted as the company is a wholly owned subsidiary of London and Manchester Group plc, a company incorporated in Great Britain and registered in England and Wales. In the opinion of the directors, the value of the company's investment in the subsidiary undertakings is worth at least the amount at which it is stated in the accounts.

## 10 DEBTORS - DUE WITHIN ONE YEAR

	1994 £000	1993 £000
Trade debtors	1,070	979
Amounts owed by group undertakings		
- parent and fellow subsidiary undertakings	2,500	2,659
Other debtors	222	23
Prepayments and accrued income	659	840
Taxation recoverable	460	-
	-----	-----
	4,911	4,501
	=====	=====

NOTES to the accounts (continued)

11 DEBTORS - DUE IN MORE THAN ONE YEAR

	1994 £000	1993 £000
Other debtors	285	378
Prepayments and accrued income	11,515	7,689
	-----	-----
	11,800	8,067
	=====	=====

12 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £000	1993 £000
Bank overdraft	587	851
Trade creditors	773	1,012
Amounts owed to group undertakings		
- subsidiary undertakings	1	1
- parent and fellow subsidiary undertakings	17,546	15,644
Provision for taxation	-	3
Other taxation and social security	863	969
Other creditors	2	143
Accruals and deferred income	3,589	2,543
	-----	-----
	23,361	21,166
	=====	=====

13 DEFERRED TAXATION

	1994 £000	1993 £000
Balance brought forward	1,626	32
Prior year adjustment	441	495
Charge for the year	854	1,423
Adjustment on transfer of fixed assets from fellow subsidiary undertaking	-	(324)
	-----	-----
	2,921	1,626
	=====	=====

14 CALLED UP SHARE CAPITAL

	1994 £000	1993 £000
Authorised	100	100
	====	====
Allotted, called up and fully paid 100,000 ordinary shares of £1 each	100	100
	====	====

NOTES to the accounts (continued)

## 15 LEASE COMMITMENTS

At 31 December 1994 the company had the following operating lease annual commitments:

	1994 £000	1993 £000
Land and buildings:		
which expire within 1 year	-	19
within 2-5 years	160	149
after 5 years	3,137	3,186
	-----	-----
	3,297	3,354
	=====	=====
Other operating leases:		
which expire within 1 year	-	17
within 2-5 years	58	59
after 5 years	-	-
	--	--
	58	76
	==	==

## 16 CAPITAL COMMITMENTS

At 31 December 1994 the company had contracted but not provided for capital expenditure totalling £378,000 (1993 £619,000). At 31 December 1994 the company had authorised but not contracted for capital expenditure totalling £Nil (1993 £Nil).

## 17 PENSION SCHEME

The London and Manchester Group operates a defined benefit scheme to which the majority of the company's employees belong. The assets of the scheme are held in a separate trustee administered fund.

The pension charge has been assessed with the advice of an actuary who is an employee of the company. The latest actuarial valuation of the scheme was carried out as at 31 March 1994 details of which can be found in the accounts of London and Manchester Group plc.

After deducting £9.0m (1993 £9.4m) from the regular cost in respect of the pension scheme surplus there was a pensions credit to the company of £3.8m (1993 £3.9m). At 31 December 1994 the actual funding was £11.5m (1993 £7.7m) in excess of the pension charge and this sum is included as an asset in the balance sheet.

## 18 ULTIMATE PARENT COMPANY

The ultimate parent company is London and Manchester Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the accounts of London and Manchester Group plc may be obtained on application to the Secretary, London and Manchester Group plc, Winslade Park, Exeter, EX5 1DS.