

Company Registration No. 01011754

**OMFS CENTRAL SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
**31 December 2003**



## **OMFS CENTRAL SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report and audited financial statements for the year ended 31 December 2003.

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The Company acts as a management service company, providing property and IT related services. It aims to breakeven each year by recharging all its costs to clients, who are principally fellow group companies, or were fellow group companies prior to being sold by the Group. The Company has made a loss of £200,413 in the year to 31 December 2003 (2002: £nil). The directors anticipate that the company will trade satisfactorily for the foreseeable future.

#### **DIVIDENDS AND SHAREHOLDERS' FUNDS**

The results of the Company for the period are set out in the profit and loss account on page 6. The directors do not recommend the payment of an ordinary dividend (year ended 31 December 2002: £nil).

#### **DIRECTORS AND DIRECTORS' INTERESTS IN SHARES OF THE COMPANY**

The directors of the Company who served during the period and up to the date of the signing of these accounts were:

H Askari (*appointed 1 February 2003*)  
M. Davies (*appointed 31 July 2003*)  
V Raimondo (*appointed 1 April 2003*)  
M Satchel (*appointed 13 June 2003*)  
N Moss (*resigned 12 June 2003*)  
J Thornton (*resigned 28 March 2003*)  
E Warner (*resigned 1 February 2003*)

None of the directors had any interest in the shares of the Company during the year ended 31 December 2003.

#### **DIRECTORS' INTERESTS IN THE SHARE CAPITAL AND SECURITIES OF OLD MUTUAL PLC**

The interests of Mr Askari, Mr Raimondo and Mr Satchel in the securities of Old Mutual Plc for the year ending 31 December 2003 are set out in the accounts of Old Mutual Financial Services (UK) plc, a fellow group company.

M Davies held 2,000 Old Mutual plc shares and no options outstanding both at 31 December 2003 and at his date of appointment.

M Davies also had interests in Old Mutual plc £1 unsecured floating rate loan notes maturing in 2010 are as follows:

	At 31 December 2003		At date of appointment	
	Beneficially held	Otherwise held	Beneficially held	Otherwise held
M E T Davies	4,977,384	-	4,977,384	-

## **OMFS CENTRAL SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**

#### **CREDITOR PAYMENT POLICY**

The Company's current policy concerning the payment of its creditors is to:

- settle the terms of payment with suppliers when negotiating the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

#### **AUDITORS**

A resolution to reappoint the auditors, KPMG Audit Plc and to authorise the directors to approve their remuneration, will be proposed at the Annual General Meeting.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**OMFS CENTRAL SERVICES LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**

**EMPLOYEE POLICIES**


The Company considers that its employees are its most valuable resource, without whose commitment it would not achieve its objectives.

The ultimate parent company operates a number of savings-related Share Option Schemes, which were introduced from 1992, and also a share option scheme which seeks to provide incentives to senior employees by offering them the opportunity to share in the success of the Old Mutual Group. Appropriate performance targets have been set which must be achieved before options granted under the latter scheme may be exercised.

The Company is committed to providing equal opportunities for all, irrespective of sex, ethnic origin, religious beliefs, disabilities, age or sexual orientation. The Board's aim is to encourage and assist in the employment, training, promotion and personal and career development of disabled people. The Company gives proper consideration to applications for employment when they are received from disabled people.

**BY ORDER OF THE BOARD:**

**M L Telfer**  
**Company Secretary**  
**30 September 2004**

A handwritten signature in dark ink, appearing to be 'M L Telfer', enclosed within a large, loopy circular flourish.

## **OMFS CENTRAL SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMFS CENTRAL SERVICES LIMITED**

We have audited the financial statements on pages 6 to 12.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the Company is not disclosed.

#### **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 as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*

*KPMG Audit Plc*

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**30 September 2004**

**8 Salisbury Square**  
**London**  
**EC4Y 8BB**

**OMFS CENTRAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

	<u>Note</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
Turnover	1	22,788,789	27,816,693
Administration expenses	2,3	<u>(22,989,202)</u>	<u>(27,816,693)</u>
<b>Loss on ordinary activities before taxation</b>	2	(200,413)	-
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation and retained loss for the year</b>		<u>(200,413)</u>	<u>-</u>

The Company has no recognised gains or losses other than those included above. All profits and losses are generated from continuing operations.

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

The notes on pages 8 to 12 are an integral part of these financial statements.

**OMFS CENTRAL SERVICES LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2003**

	Note	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<b>FIXED ASSETS</b>			
Tangible fixed assets	5	504,973	767,280
<b>CURRENT ASSETS</b>			
Stock		27,285	136,177
Debtors: amounts falling due within one year	6	44,343,599	36,550,198
Cash at bank and in hand		<u>1,162,660</u>	<u>4,630,147</u>
		<u>45,533,544</u>	<u>41,316,522</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	7	<u>(46,238,830)</u>	<u>(42,083,702)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(705,286)</u>	<u>(767,180)</u>
		<u>(200,313)</u>	
<b>NET (LIABILITIES) / ASSETS</b>			<u>100</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	100	100
Profit and loss account	9	<u>(200,413)</u>	<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>(200,313)</u>	<u>100</u>

These financial statements were approved by the Board of Directors on 30 September 2004 and signed on their behalf by:



**M Satchel**  
Director

The notes on pages 8 to 12 are an integral part of these financial statements.

## **OMFS CENTRAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003**

#### **1 PRINCIPAL ACCOUNTING POLICIES**

**Basis of preparation** The accounts of the Company have been prepared under the historical cost convention, in accordance with applicable UK Accounting.

**Turnover** Turnover comprises rental income and service recharges, which are recognised in the profit and loss account on an accruals basis, exclusive of Value Added Tax.

**Cash Flow Statement** The cash flows of the Company are included in the group cash flow statement of Old Mutual plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) from the requirement to publish a cash flow statement.

**Segmental reporting** In the opinion of the directors the profits and losses of the Company are derived substantially from UK operations, the assets and liabilities of the Company reside substantially within the UK. No other geographical or business categories are material in terms of disclosure in these accounts.

**Tangible fixed assets** Assets held for continuing use in the Company's business are capitalised and depreciated on a straight line basis over a three year period, considered to be their expected useful lives. Software development costs, including purchased software, licences, directly attributable internal costs and external consultants costs are also capitalised and amortised over a period of up to three years.

**Pensions and other post-retirement benefits** The Company has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the profit and loss account in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered. The Company has also contributed to defined benefit schemes for certain employees of the Company and certain former employees of King & Shaxson Limited, Allied Provincial Securities Limited and OMFS Company 1 Limited. For the defined benefit schemes actuarial valuations are undertaken on a regular basis. Note 3 of the accounts provides further information in relation to the defined benefit arrangements.

**Deferred taxation** Deferred tax is recognised in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

**Foreign currency translation** Foreign currency assets and liabilities are translated into sterling at the rates ruling at the year end. Income and expenditure in foreign currency is translated at an annual average rate and differences on exchange arising from such translation are included in the profit and loss account.

**Stock** Stock comprises IT equipment and consumables that are held in the books at historical cost.



**OMFS CENTRAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)****2 PROFIT ON ORDINARY ACTIVITIES**

Profit on ordinary activities before tax is stated after charging:

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Auditor's Remuneration	24,000	10,000
Depreciation	372,650	155,452
Rent paid to parent undertaking	11,760,000	14,000,000
	<u>                    </u>	<u>                    </u>

**3 DIRECTORS EMOLUMENTS AND EMPLOYEE INFORMATION****a. Directors emoluments**

The directors of the Company received no emoluments for their services to this Company during the year. Their remuneration has been paid for by OMFS (GGP) plc, a fellow group company, and the costs have been fully recognised in the director's emoluments disclosure of that Company. No amounts have been recharged to OMFS Central Services Limited.

**b. Employees and staff costs**

The average number of persons employed by the company during the period is analysed below:

	<u>2003</u>	<u>2002</u>
Information Technology	72	92
Facilities and Hospitality	43	63
	<u>115</u>	<u>155</u>

There were 95 persons employed by the company at 31 December 2003 (31 December 2002: 144).

Costs for the period in respect of those employees were:

	<u>£</u>	<u>£</u>
Wages and salaries	4,817,120	6,031,089
Social security costs	454,807	536,735
Pension costs	329,758	183,697
	<u>5,601,685</u>	<u>6,751,521</u>

## **OMFS CENTRAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)**

#### **c. Pension scheme information**

The employees of OMFS Central Services Limited are members of a number of different pension schemes operated across the Old Mutual Group in the UK. These schemes have been designed and administered in accordance with UK practices and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Not all employees are members of a pension scheme.

The details of the pension schemes, including the costs borne by Group and the latest actuarial valuations, are disclosed in the accounts of Old Mutual Financial Services (UK) plc.

From 1 January 2003, new employees qualify to join the Old Mutual UK Pension Plan (DC03), a defined contribution scheme. No pension charge has been borne by the Company for the period in respect of the defined benefit arrangements. A fellow group company has recognised the amortisation charge in respect of the scheme surplus over the working lifetime of the members. If FRS 17 had been fully adopted, pension costs for defined benefit schemes would have been borne by a fellow group company and not OMFS Central Services Limited.

#### **4 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b>a) Analysis of charge in the year</b>		
UK Corporation tax on loss for the period	-	-
<b>b) factors affecting tax charge for the year</b>		
Loss on ordinary activities before tax	(200,413)	-
Loss on ordinary multiplied by standard rate of corporation tax in the UK 30%	(60,124)	-
Effects of:		
Depreciation in excess of capital allowances	60,574	(22,569)
Expenses not deductible for tax purposes	172,058	195,024
Group relief for no payment	(172,508)	(200,775)
Other	28,320	-
	-	-

#### **c) Factors that may affect future tax charges**

No deferred tax has been recognised as it has been assumed that the company will be unable to utilise the assets in the foreseeable future.

# OMFS CENTRAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

### 5 FIXED ASSETS

	Motor Vehicles	Equipment fixtures & fittings	Disaster recovery assets	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2003	7,524	14,451	900,757	922,732
Additions	-	-	110,342	110,342
At 31 December 2003	7,524	14,451	1,011,099	1,033,074
<b>Depreciation</b>				
At 1 January 2003	1,254	4,072	150,126	155,452
Charge for period	6,270	10,379	356,000	372,649
At 31 December 2003	7,524	14,451	506,126	528,101
<b>Net book value at 31 December 2003</b>	-	-	504,973	504,973
Net book value at 31 December 2002	6,270	10,379	750,631	767,280

### 6 DEBTORS FALLING DUE WITHING ONE YEAR

	2003 £	2002 £
Amounts due from group undertakings	30,625,448	11,682,030
Trade debtors	-	977,140
Prepayment of rent to parent undertaking	11,760,000	23,520,000
Prepayments and accrued income	22,148	100,024
Other debtors	1,936,003	271,004
	44,343,599	36,550,198

Prepayments of rent to parent undertaking includes £1.76 million (2002: £11.76 million) relating to the period after more than one year (2005).

### 7 CREDITORS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts due to group undertakings	43,738,733	38,910,089
Trade creditors	167,925	158,770
Other creditors	362,729	205,040
Accruals and deferred income	1,969,443	2,809,803
	46,238,830	42,083,702

# **OMFS CENTRAL SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)**

### **8 CALLED UP SHARE CAPITAL**

	Authorised 2003	2002	Allotted and fully paid 2003	2002
Ordinary shares of £1 each	100	100	100	100

### **9 PROFIT AND LOSS ACCOUNT**

	£
At 1 January 2003	-
Loss for the year	(200,413)
At 31 December 2003	(200,413)

### **10 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Opening shareholders' funds	100	100
Loss for the financial year	(200,413)	-
Closing shareholders' funds	(200,313)	100

### **11 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

The ultimate parent company at 31 December 2003 was Old Mutual plc, a Company incorporated in England & Wales.

The largest and smallest groups in which the results of the Company are consolidated are Old Mutual plc and Old Mutual Financial Services (UK) plc, the immediate parent undertaking. Copies of these accounts may be obtained from: The Company Secretary, Old Mutual Plc, Old Mutual Place, 2 Lambeth Hill, London, EC4V 4GG.

Advantage is taken in these financial statements of the exemptions available in FRS8 for disclosure of transactions with related parties that are at least 90% owned within the same group.