

WINDSOR SERVICES LIMITED

Report and Financial Statements

30 September 1997



REPORT AND FINANCIAL STATEMENTS 1997

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 1997.

ACTIVITY

The company's principal activity during the year continued to be the provision of management services to other group companies.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. The loss before tax for the year amounted to £651,912 (1996 - profit £116,293).

The directors do not recommend the payment of a dividend (1996 - £nil) . The retained deficit for the year of £651,912 (1996 - profit £83,763) has been transferred to reserves.

DIRECTORS

The directors of the company at 30 September 1997, all of whom were directors for the whole of the year, were:

A E Wilson (resigned 30 April 1998)
C P Murphy (appointed 30 April 1998)
D R Baker

DIRECTORS' INTERESTS

The interests of Mrs A E Wilson in the share capital of the company's ultimate parent company are disclosed in the financial statements of Windsor PLC.

The interests of the other director who was in office at 30 September 1997, in the share capital of Windsor PLC, are as follows:

	30 September 1997		1 October 1996	
	Shares	Options to subscribe for shares	Shares	Options to subscribe for shares
D R Baker	25,000	44,000	25,000	44,000

Except as noted above, no directors had any other interest at any time in the share capital of the company, its parent company or any other group undertaking.

The directors had no interest in any contracts or arrangements with the company during the year.

CHARITABLE CONTRIBUTIONS


During the year the company contributed £2,000 to charitable organisations (1996 - £2,500).

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.


Approved by the Board of Directors on 22 June 1998
and signed on behalf of the Board


C P Murphy
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements 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 its profit or loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, safeguarding the assets of the company, preventing and detecting fraud and other irregularities and preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

By order of the Board

A handwritten signature in black ink, appearing to read 'C P Murphy', written in a cursive style.

C P Murphy

Director



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

WINDSOR SERVICES LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 30 September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

22 June 1998

Deloitte & Touche

Chartered Accountants and Registered Auditors

Birmingham



PROFIT AND LOSS ACCOUNT
Year ended 30 September 1997

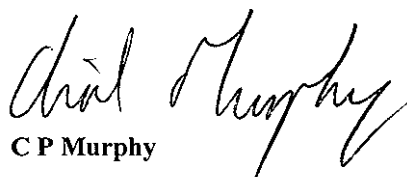
	Note	1997 £	Restated 1996 £
Revenue			
Management services		1,946,779	2,377,515
Interest and investment income		2,965	-
		<u>1,949,744</u>	<u>2,377,515</u>
Expenses	2,4	<u>(2,601,656)</u>	<u>(2,261,222)</u>
Operating (loss)/profit : continuing operations	3	(651,912)	116,293
Tax on (loss)/profit on ordinary activities	6	-	(32,530)
(Loss)/profit on ordinary activities after taxation	12	<u>(651,912)</u>	<u>83,763</u>
Retained deficit brought forward		<u>(971,429)</u>	<u>(1,055,192)</u>
Retained deficit carried forward		<u><u>(1,623,341)</u></u>	<u><u>(971,429)</u></u>

There are no recognised gains and losses other than the profit for the financial year. Accordingly, a statement of total recognised gains and losses is not given.

BALANCE SHEET
30 September 1997

	Note	£	1997 £	£	1996 £
Assets employed					
Fixed assets					
Tangible assets	7		1,384,966		1,347,438
Current assets					
Debtors	8	2,409,629		3,130,127	
Cash in hand		16,644		7,281	
		<u>2,426,273</u>		<u>3,137,408</u>	
Creditors: amounts falling due within one year	9	<u>(5,215,050)</u>		<u>(5,231,870)</u>	
Net current liabilities			<u>(2,788,777)</u>		<u>(2,094,462)</u>
Total assets less current liabilities			<u>(1,403,811)</u>		<u>(747,024)</u>
Creditors: amounts falling due after one year	10		<u>(219,430)</u>		<u>(224,305)</u>
			<u>(1,623,241)</u>		<u>(971,329)</u>
Financed by					
Called up share capital	11		100		100
Profit and loss account			<u>(1,623,341)</u>		<u>(971,429)</u>
Equity shareholders' funds	12		<u>(1,623,241)</u>		<u>(971,329)</u>

These financial statements were approved by the Board of Directors on 22 June 1998
and signed on behalf of the Board


C P Murphy
Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 September 1997****1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The principal accounting policies of the company have remained unchanged from the previous year.

The comparatives have been restated. The profit and loss account reflects investment income on a gross basis because of the increased level of investment income. Interest payable has been included in expenses.

Revenue

Revenue consists of the provision of management services to other group companies, interest receivable and other income arising solely in the U.K.

Pensions**Defined contribution schemes**

Pensions costs charged in the profit and loss account represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit schemes

Pension costs are charged in the profit and loss account on a systematic basis over the service lives of the eligible employees based on payroll, actuarial methods and assumptions in accordance with the advice from independent actuaries.

Tangible fixed assets

Tangible fixed assets are stated at historical cost. Depreciation is charged on tangible fixed assets so that they are written off over their useful economic lives. Principal rates of depreciation are shown in note 7.

Leased assets

Assets acquired under finance leases are capitalised and treated in the same manner as tangible fixed assets. Interest on lease obligations is charged to the profit and loss account over the period of the lease and represents a charge that relates to the proportion of the capital repayments outstanding. All other leases are regarded as operating leases and rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred taxation

Deferred tax is provided using the liability method on timing differences to the extent that it is probable that a liability or asset will crystallise.

2. INTEREST PAYABLE

	1997 £	1996 £
Finance lease rentals	27,020	34,248
Bank overdraft	11,485	19,395
	<u>38,505</u>	<u>53,643</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1997

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit before taxation is determined after taking account of the following items:	1997 £	1996 £
Loss on sale of fixed assets	12,800	2,370
Depreciation - owned assets	262,024	256,472
-leased assets	146,143	127,746
Auditors' remuneration		
Audit services	8,712	10,375
Non-audit services	1,872	4,713
Operating lease rentals	86,564	366,401

Operating lease rentals have reduced because amounts related to land and buildings formerly charged to the company and recovered from Windsor Properties Limited, the fellow subsidiary which manages the groups premises, by management charges have been charged directly to Windsor Properties Limited, which more closely reflects the activities of the two companies.

4. EMPLOYEES

	1997 £	1996 £
Staff costs during the year (including executive directors)		
Wages and salaries	814,241	844,450
Social security costs	68,830	72,616
Pension costs (note 14)	36,612	38,374
	<u>919,683</u>	<u>955,440</u>
	No	No
Average number of persons employed	<u>34</u>	<u>36</u>

5. DIRECTORS

During the year Mrs A E Wilson was also a director of the ultimate parent company, Windsor PLC, and was remunerated in respect of her services to the group as a whole. No information is disclosed below in respect of her remuneration as it is disclosed in the annual report of Windsor PLC

The remuneration payable to the other director, who was a member of a defined benefit pension scheme during the current year and previous year, was:

	1997 £	1996 £
Director's emoluments		
Salaries, fees, bonuses and benefits	42,337	41,645
Pension costs	3,903	3,149
	<u>46,240</u>	<u>44,794</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 1997

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Current taxation:		
United Kingdom corporation tax at 32% (1996 - 33%)	-	32,530
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS

	Furniture, office and computer equipment £	Motor vehicles £	Total £
Cost			
At 1 October 1996	2,602,257	591,773	3,194,030
Additions	385,430	172,080	557,510
Disposals	(99,701)	(139,313)	(239,014)
	<u> </u>	<u> </u>	<u> </u>
At 30 September 1997	2,887,986	624,540	3,512,526
	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation			
At 1 October 1996	1,595,050	251,542	1,846,592
Charge for the year	303,808	104,359	408,167
Disposals	(43,191)	(84,008)	(127,199)
	<u> </u>	<u> </u>	<u> </u>
At 30 September 1997	1,855,667	271,893	2,127,560
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 30 September 1997	1,032,319	352,647	1,384,966
	<u> </u>	<u> </u>	<u> </u>
At 30 September 1996	1,007,207	340,231	1,347,438
	<u> </u>	<u> </u>	<u> </u>
Principal rates of depreciation	10-25%	25%	

The net book value of the company's fixed assets includes £604,838 (1996 - £514,000) in respect of assets held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 1997

8. DEBTORS

	1997 £	1996 £
Amounts owed by group companies	1,984,279	2,653,195
Other debtors	214,483	150,481
Taxation	25	25
Prepayments	210,842	326,426
	<u>2,409,629</u>	<u>3,130,127</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Amounts owed to group companies	3,029,599	3,457,569
Obligations under finance leases	216,374	209,853
Other taxation and social security	173,031	160,677
Other creditors and accruals	1,796,046	1,403,771
	<u>5,215,050</u>	<u>5,231,870</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Obligations under finance lease contracts repayable:		
Between one and two years	160,072	113,115
Between two and five years	59,358	111,190
	<u>219,430</u>	<u>224,305</u>

11. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1997

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
(Loss)/profit for the financial year	(651,912)	83,763
Opening shareholders' funds	(971,329)	(1,055,092)
Closing shareholders' funds	<u>(1,623,241)</u>	<u>(971,329)</u>

13. CAPITAL COMMITMENTS

At 30 September 1997, there were commitments for contracted capital expenditure amounting to £41,000 (1996 - £115,000).

14. PENSIONS

Defined Benefit Scheme

The company's employees participate in a group pension scheme operated by Windsor PLC. The scheme is a defined benefit scheme which operates for the benefit of employees in the United Kingdom and covers all eligible employees and it is funded in accordance with actuarial advice. The particulars of the most recent actuarial valuation of the pension scheme are included in the Annual Report of Windsor PLC for the year ending 30 September 1997.

15. OPERATING LEASE COMMITMENTS

At 30 September 1997 the company had annual commitments under operating leases as follows:

	1997 Land and buildings £	1997 Other £	1996 Land and buildings £	1996 Other £
Expiry of lease within:				
One year	-	13,013	7,015	1,786
Two to five years	-	12,251	50,643	90,868
Over five years	-	-	264,818	-
	<u>-</u>	<u>25,264</u>	<u>322,476</u>	<u>92,654</u>

In 1997 operating leases related to land and buildings were charged directly to Windsor Properties Limited, the company which manages the group's properties, rather than being charged to Windsor Services Limited and being recovered through management charges as in prior years. Operating lease commitments related to land and buildings are now disclosed as obligations of that company. This change was made to more closely reflect the activities of the two companies.

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Windsor PLC, which is registered in England and Wales. Copies of the group financial statements of Windsor PLC are available from its registered office at One Great Tower Street, London EC3R 5AH.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1997

17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No.8 "Related party transactions", the company has not disclosed its transactions with other group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.