

**WINDSOR SERVICES LIMITED**

**Report and Financial Statements**

**30 September 2002**



**REPORT AND FINANCIAL STATEMENTS 2002**

<b>CONTENTS</b>	<b>Page</b>
<b>Director's report</b>	<b>1</b>
<b>Statement of director's responsibilities</b>	<b>2</b>
<b>Independent auditors' report to the members of Windsor Services Limited</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6</b>

## DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 30 September 2002.

### 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 4. The company will continue to trade in the foreseeable future. The loss before tax for the year amounted to £1,425,132 (2001 - £319,412). The director does not recommend the payment of a dividend (2001 - £nil). The loss for the year of £1,178,020 (2001 - £225,682) has been transferred from reserves.

### DIRECTORS

The director of the company at 30 September 2002 who served during the year is:

C P Murphy

### DIRECTORS' INTERESTS

The interests of Mr C P Murphy in the share capital of the company's ultimate parent company is disclosed in the financial statements of Windsor PLC.

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

### CHARITABLE CONTRIBUTIONS

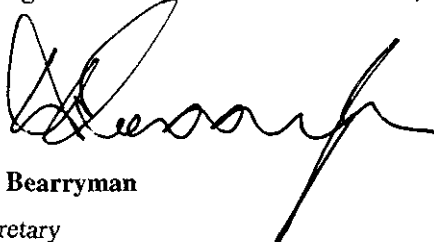
During the year the company contributed £6,940 to charitable organisations (2001 - £3,108).

### 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 Director on  
and signed on behalf of the Director

23rd July 2003



D J Bearryman

Secretary

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is 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. The director considers that in preparing the accounts the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which he considers to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the accounts.

The director is responsible to ensure that the company has adequate resources to continue in operation for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the accounts.

The director is responsible for ensuring that the company keeps proper accounting records which 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. The director is also responsible for the company's system of internal financial control and has a general responsibility for taking such steps as are reasonably open to him and which he deems appropriate to safeguard the assets of the company and to seek to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINDSOR SERVICES LIMITED**

We have audited the financial statements of Windsor Services Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 the director and auditors**

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**  
Chartered Accountants and Registered Auditors  
Birmingham

*24 July 2003*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 September 2002**

	Note	2002 £	2001 £
<b>Revenue</b>			
Management services		2,620,505	2,463,753
Interest and investment income		<u>755</u>	<u>770</u>
		2,621,260	2,464,523
Administrative expenses	2,4	<u>(4,046,392)</u>	<u>(2,784,015)</u>
<b>Operating loss being loss on ordinary activities before taxation</b>	3	(1,425,132)	(319,492)
Taxation on loss on ordinary activities	6	<u>247,112</u>	<u>93,810</u>
<b>Loss on ordinary activities after taxation</b>	11	(1,178,020)	(225,682)
<b>Deficit brought forward</b>		<u>(2,102,812)</u>	<u>(1,877,130)</u>
<b>Deficit carried forward</b>		<u><u>(3,280,832)</u></u>	<u><u>(2,102,812)</u></u>

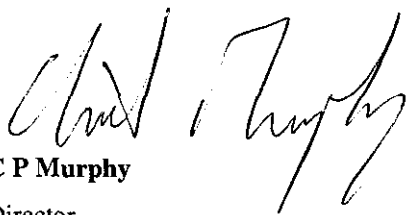
There are no recognised gains and losses other than the losses for the financial years. Accordingly, a statement of total recognised gains and losses is not given.

All results derive from continuing operations.

**BALANCE SHEET**  
**30 September 2002**

	Note	£	2002 £	£	2001 £
<b>Assets employed</b>					
<b>Fixed assets</b>					
Tangible assets	7		883,162		976,883
<b>Current assets</b>					
Debtors	8	4,064,033		2,899,105	
Cash at bank and in hand		<u>37,967</u>		<u>11,318</u>	
		4,102,000		2,910,423	
<b>Creditors: amounts falling due within one year</b>	9	<u>(8,265,894)</u>		<u>(5,990,018)</u>	
<b>Net current liabilities</b>			<u>(4,163,894)</u>		<u>(3,079,595)</u>
			<u>(3,280,732)</u>		<u>(2,102,712)</u>
<b>Financed by</b>					
Called up share capital	10		100		100
Profit and loss account			<u>(3,280,832)</u>		<u>(2,102,812)</u>
<b>Equity shareholders' deficit</b>	11		<u>(3,280,732)</u>		<u>(2,102,712)</u>

These financial statements were approved by the Director on 23 July 2003  
and signed by the Director

  
**C P Murphy**  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2002**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. FRS 19 "Deferred Tax" was applicable for the first time in 2002. The standard had no impact on these financial statements. The principal accounting policies of the company have remained unchanged from the previous year.

**Revenue**

Revenue consists of the provision of management services to other group companies and interest receivable.

**Pensions**

*Defined contribution schemes*

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

**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.

**Leased assets**

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 taxation is provided in respect of deferred tax assets and liabilities using the full provision method on timing differences more likely than not to occur between the recognition of gains and losses in the financial statements and their recognition in a tax computation, in accordance with the requirements of FRS 19. Deferred taxation assets and liabilities are not discounted.

**2. INTEREST PAYABLE**

	2002 £	2001 £
Bank overdraft	280	-
Finance lease rentals	-	581
	<u>280</u>	<u>581</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2002**

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation is determined after taking account of the following items:		
Loss on sale of fixed assets	10,028	16,957
Depreciation	380,981	411,386
Auditors' remuneration:		
Audit services	10,248	9,996
Operating lease rentals	3,955	3,854
	<u>          </u>	<u>          </u>

Also included in loss on ordinary activities before taxation is a provision of £900,000 (2001: £nil) in respect of litigation claims and expenses.

**4. EMPLOYEES**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including executive directors)</b>		
Wages and salaries	1,291,712	1,357,821
Social security costs	139,581	129,685
Pension costs (note 13)	96,727	74,098
	<u>          </u>	<u>          </u>
	<u>1,528,020</u>	<u>1,561,604</u>
	<u>          </u>	<u>          </u>
<b>Average number of persons employed</b>	<b>2002</b>	<b>2001</b>
	<u>30</u>	<u>32</u>

**5. DIRECTORS**

During the year Mr C P Murphy was also a director of the ultimate parent company, Windsor PLC, and was remunerated in respect of his services to the group as a whole. No information is disclosed below in respect of his remuneration as it is disclosed in the annual report of Windsor PLC.

The remuneration payable to the other director was:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Director's emoluments		
Salaries, fees, bonuses and benefits	-	34,555
Pension costs	-	3,188
Compensation for loss of office	-	16,000
	<u>          </u>	<u>          </u>
	<u>-</u>	<u>53,743</u>

During 2001 prior to his resignation one director was a member of a defined contribution scheme.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2002**

**6. TAXATION ON LOSS ON ORDINARY ACTIVITIES**

	2002 £	2001 £
Current taxation:		
Group relief due from fellow subsidiaries	(247,112)	(93,810)

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

	2002 £	2001 £
Loss before tax	(1,425,132)	(319,492)
Factors affecting the tax credit for the year:		
Loss before tax at 30% (2001 – 30%)	(427,540)	(95,848)
Expenses not deductible for tax purposes	31,420	19,787
Capital allowances in excess of depreciation	4,770	11,340
Other timing differences	144,238	(29,089)
	(247,112)	(93,810)

No deferred tax asset has been recognised on the deferred tax balance arising on accelerated capital allowances of £58,110 (2001 - £53,340) and on other timing differences of £202,500 (2001 – £7,500) on the grounds that the deferred tax asset is unlikely to reverse. There is no impact on the current or prior years results from the implementation of FRS 19.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2002**

**7. TANGIBLE FIXED ASSETS**

	<b>Furniture, Office and Computer equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2001	3,951,393	343,235	4,294,628
Additions	288,567	78,611	367,178
Intercompany transfers	(126,305)	-	(126,305)
Disposals	(11,530)	(160,915)	(172,445)
	<u>4,102,125</u>	<u>260,931</u>	<u>4,363,056</u>
<b>At 30 September 2002</b>			
<b>Accumulated depreciation</b>			
At 1 October 2001	3,117,045	200,700	3,317,745
Charge for the year	334,368	46,613	380,981
Intercompany transfers	(94,667)	-	(94,667)
Disposals	(3,450)	(120,715)	(124,165)
	<u>3,353,296</u>	<u>126,598</u>	<u>3,479,894</u>
<b>At 30 September 2002</b>			
<b>Net book value</b>			
At 30 September 2002	<u>748,829</u>	<u>134,333</u>	<u>883,162</u>
At 30 September 2001	<u>834,348</u>	<u>142,535</u>	<u>976,883</u>
Principal rates of depreciation	10-33%	25%	

**8. DEBTORS**

	<b>2002 £</b>	<b>2001 £</b>
Amounts owed by group companies	2,398,139	2,562,543
Other debtors	1,665,844	295,007
Taxation	50	1,560
Prepayments	-	39,995
	<u>4,064,033</u>	<u>2,899,105</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002 £</b>	<b>2001 £</b>
Amounts owed to group companies	4,504,776	4,218,321
Taxation and social security	188,399	242,020
Other creditors and accruals	3,572,719	1,529,677
	<u>8,265,894</u>	<u>5,990,018</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2002

## 10. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted and fully paid 100 Ordinary shares of £1 each	100	100

## 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2002 £	2001 £
Loss for the financial year	(1,178,020)	(225,682)
Opening shareholders' deficit	(2,102,712)	(1,877,030)
Closing shareholders' deficit	(3,280,732)	(2,102,712)

## 12. CAPITAL COMMITMENTS

At 30 September 2002, there were commitments for contracted capital expenditure amounting to £nil (2001 - £101,494).

## 13. PENSIONS

Defined contribution scheme

Some of the company's employees participated in a defined contribution scheme operated by Windsor PLC. In the year to 30 September 2002 the pension charge amounted to £96,727 (2001 - £74,098).

## 14. OPERATING LEASE COMMITMENTS

At 30 September 2002 the company had annual commitments in respect of non-property related operating leases as follows:

	2002 £	2001 £
Expiry of lease within:		
One year	3,955	3,955

## 15. RELATED PARTY TRANSACTIONS

In accordance with the requirements of FRS 8, 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.

## 16. ULTIMATE PARENT COMPANY

The ultimate parent and controlling 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 2 America Square, London. EC3N 2LU.