Deloitte & Touche

Deloitte Touche Tohmatsu

Company Registration No. 2315724

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VSO TRADING LIMITED

Report and Financial Statements

31 March 1998

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Deloitte & Touche

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VSO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Barnett
J Merchant

SECRETARY

J Merchant

REGISTERED OFFICE

317 Putney Bridge Road
London
SW15 2PN

BANKERS

Midland Bank Plc

AUDITORS

Deloitte & Touche
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

DIRECTORS' REPORT

The directors present their report and the annual financial statements for the year ended 31 March 1998.

ACTIVITIES

The principal activity of the company is conducting trading for the purpose of raising funds for Voluntary Service Overseas.

REVIEW OF DEVELOPMENTS

The company's profit before tax for the year under review was £49,768 (1997: £592). The financial position of the company at 31 March 1998 is set out in the balance sheet on page 5.

FUTURE PROSPECTS

The directors intend to continue with the present activities of the company.

DIRECTORS

The present membership of the Board is set out on page 1. The directors who served during the year were as follows:

G Barnett
J Merchant

J Merchant holds one issued share in the company as nominee for Voluntary Service Overseas. The other director has no beneficial interests in the share capital of the company.

YEAR 2000

The company is a member of the parent undertaking's cross-departmental committee to address the IT problems associated with the year 2000. The assessment so far indicates that VSO's in-house software to manage the volunteer system complies with the year 2000 requirements. Other major proprietary software for fundraising, payroll and accounts are either compliant or means have already been agreed to move to compliant versions. Network and desktop systems will be upgraded to compliant versions during 1998/99.

There is a considerable amount of non-compliant hardware still in use in VSO but there is an upgrade plan that means that much of it will be replaced within the timeframe allowed. Any remaining non-compliant hardware will be redeployed to places where it can do no damage to VSO systems.

At the moment there is no perceived risk from VSO's suppliers or customers. VSO's IT systems are generally self-contained and should not be directly affected by failures of external systems.

The costs of the year 2000 compliance programme cannot yet be estimated. The hardware component would, in any case, have been part of the standard replacement process.

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DIRECTORS' REPORT

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 affairs of the company as at the end of the financial year 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;
- prepare the financial statements on a 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 to enable them to ensure that the financial statements 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.

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
and signed on behalf of the Board

Secretary

25 September 1998

Deloitte & Touche

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London EC4A 4TR

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AUDITORS' REPORT TO THE MEMBERS OF VSO TRADING LIMITED

We have audited the financial statements on pages 5 to 9 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 31 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

7 October 1998

Deloitte & Touche
Deloitte Touche Tohmatsu

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1998

	Note	1998 £	1997 £
TURNOVER	2	171,168	105,158
Cost of sales		(83,661)	(82,248)
Gross profit		87,507	22,910
Indirect expenses		(42,471)	(26,162)
OPERATING PROFIT/(LOSS)		45,036	(3,252)
Interest receivable and similar income		4,732	3,874
Interest payable	4	-	(30)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	49,768	592
Deed of Covenant to VSO		(50,360)	-
Tax on profit on ordinary activities	6	142	(142)
(Loss)/Profit for the year		(450)	450
Profit and loss account brought forward		448	(2)
Profit and loss account carried forward		(2)	448

All items of income and expenditure for the financial year and preceding financial year are derived from continuing operations.

There are no recognised gains or losses or movements in shareholders' funds for the financial year or preceding financial year other than as stated in the profit and loss account.

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BALANCE SHEET
31 March 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible fixed assets	7	15,447	20,596
CURRENT ASSETS			
Stocks		8,350	5,438
Prepayments		4,000	14,549
Other debtors - Inland Revenue		2,891	2,891
Accrued income		18,368	12,679
Cash at bank		28,780	174,883
		62,389	210,440
CREDITORS: amounts falling due within one year			
Creditors including taxation and social security	8	7,755	3,278
Amount owed to Voluntary Service Overseas	9	70,081	227,308
		77,836	230,586
NET CURRENT LIABILITIES		(15,447)	(20,146)
NET ASSETS		-	450
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account		(2)	448
EQUITY SHAREHOLDERS' FUNDS		-	450

These financial statements were approved by the Board of Directors on 25 September 1998.

Signed on behalf of the Board of Directors

J Merchant
Director

Deloitte & Touche

Deloitte Touche Tohmatsu

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention on the accruals basis.

Tangible fixed assets

The cost of tangible fixed assets is depreciated at 25% per annum using the reducing balance method.

Stocks

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

2. TURNOVER

Turnover comprises the following, which are included net of value added tax:

	1998 £	1997 £
Sales of Christmas cards and other merchandise	41,887	43,723
Raffle income	-	37,084
Bike ride	-	1,534
Events	129,281	22,817
	171,168	105,158

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There are no employees. None of the directors received any remuneration during the year (1997 - £nil).

4. INTEREST PAYABLE

	1998 £	1997 £
Bank interest	-	30

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £	1997 £
Profit on ordinary activities before taxation is after charging:		
Depreciation	5,149	6,865
Audit fee	2,261	1,550

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
United Kingdom corporation tax at 21% (1997 - 21%)	-	(142)
Adjustment in respect of prior year	142	-
	142	(142)

7. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 1 April 1997 and 31 March 1998	48,376
Accumulated depreciation	
At 1 April 1997	27,780
Charge for the year	5,149
At 31 March 1998	32,929
Net book value	
At 31 March 1998	15,447
At 31 March 1997	20,596

8. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1998 £	1997 £
This heading includes:		
Taxation and social security	4,507	-

9. AMOUNT OWED TO VOLUNTARY SERVICE OVERSEAS

This amount includes a current account which is repayable on demand of £20,313.

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

10. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted and fully paid:		
2 ordinary shares of £1 each	2	2

11. ULTIMATE PARENT COMPANY

In the opinion of the directors, the ultimate controlling party and only parent company is Voluntary Service Overseas, a company registered in England and Wales. Copies of the financial statements of Voluntary Service Overseas are available from its registered office at 317 Putney Bridge Road, London SW15 2PN.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption which is conferred by Financial Reporting Standard No. 8, "Related Party Disclosures" that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.