

Cash Centres Limited

Directors' report and consolidated financial statements

for the year ended 31 August 1999

Registered number 2736661



Cash Centres Limited

Directors' report and financial statements

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Cash Centres Limited

Company information

Directors: EFA Ford
WJ Bowman (resigned 24 February 1999)
R Tang
Miss L White (resigned 31 May 1999)
R Wilson (resigned 6 November 1998)

Secretary: R Tang

Registered Office: E3 The Premier Centre
Abbey Park
Romsey
Hants
SO51 9AQ

Registered Number 2736661 (England and Wales)

Auditors KPMG
Registered Auditors
Chartered Accountants
St James' Square
Manchester
M2 6DS

Cash Centres Limited

Directors' report

The directors present their annual report and the audited financial statements of the group for the year ended 31 August 1999.

Principal activities

The principal activity of the company in the year under review was that of cheque encashment and related financial services.

Dividends and transfer to reserves

A final dividend of £137,903 has been paid. The retained profit for the year of £245,678 (1998: £210,324) is transferred to reserves.

Directors and directors' interests

The directors who held office during the year and their interests in the £1 Ordinary shares of the company at the end of the financial year were as follows:

	1999	1998
EFA Ford	86,156	86,156
WJ Bowman (resigned 24 February 1999)	27,981	27,981
R Tang	21,787	21,787
Miss L White (resigned 31 May 1999)	368	368
R Wilson (resigned 6 November 1998)	-	-

Directors' shareholdings include shares held by family members.

Year 2000

Cash Centres Limited has completed a Year 2000 project to ensure that all computer hardware and software used by the company operates correctly up to 31 December 1999 and into the Year 2000.

Donations

During the year the company made no political donations and charitable donations of £100 (1998: £nil).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



EFA Ford
Director

Cash Centres Limited

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 and of the profit or loss 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 to 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.



St James' Square
Manchester M2 6DS
United Kingdom

Report of the auditors to the members of Cash Centres Limited

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 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 affairs of the company and of the group as at 31 August 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of the KPMG firm, written in a stylized, cursive-like font.

KPMG
Chartered Accountants
Registered Auditors

10 December 1999

Cash Centres Limited

Consolidated profit and loss account for the year ended 31 August 1999

	<i>Note</i>	1999 £	1998 £
Turnover	<i>1</i>	3,704,329	2,953,983
Cost of sales		(66,879)	(84,462)
Gross profit		3,637,450	2,869,521
Administrative expenses		(3,044,444)	(2,431,341)
Operating profit	<i>2</i>	593,006	438,180
Interest receivable and similar income	<i>5</i>	34,466	35,989
Interest payable and similar charges	<i>6</i>	(20,205)	(20,436)
Profit on ordinary activities before taxation		607,267	453,733
Tax on profit on ordinary activities	<i>7</i>	(215,549)	(111,424)
Profit on ordinary activities after taxation		391,718	342,309
Minority interests		(8,137)	(20,029)
Profit for the financial year		383,581	322,280
Dividends paid and payable		(137,903)	(111,956)
Retained profit for the financial year		245,678	210,324
Surplus brought forward		398,069	187,745
Retained profit carried forward		643,747	398,069

The notes on pages 11 to 18 form part of these financial statements.

The company has no recognised gains or losses other than the profit for the current year and for the previous year.

Cash Centres Limited

Consolidated balance sheet

at 31 August 1999

	Note	1999	1998
		£	£
Fixed assets			
Intangible assets	8	56,100	47,731
Tangible assets	9	544,913	599,743
		<hr/>	<hr/>
		601,013	647,474
Current assets			
Stocks		41,965	42,623
Debtors	11	1,151,796	687,980
Cash at bank and in hand		1,601,311	1,117,446
		<hr/>	<hr/>
		2,795,072	1,848,049
Creditors: amounts falling due within one year	12	(2,460,670)	(1,668,332)
		<hr/>	<hr/>
Net current assets		334,402	179,717
Total assets less current liabilities		<hr/> 935,415	<hr/> 827,191
Creditors: Amounts falling due after more than one year	13	(87,368)	(133,177)
		<hr/>	<hr/>
		848,047	694,014
Capital and reserves			
Called up share capital	21	204,300	204,300
Profit & loss account	22	643,747	398,069
		<hr/>	<hr/>
Shareholders' funds – equity interests	23	848,047	602,369
Minority equity interests		-	91,645
		<hr/>	<hr/>
		848,047	694,014
		<hr/>	<hr/>

The notes on pages 11 to 18 form part of these financial statements.

On behalf of the Board:

EFA Ford
Director

Approved by the Board on

9/12/99

Cash Centres Limited

Balance sheet

at 31 August 1999

	Note	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	9	535,330		594,785	
Investments	10	227,062		112,761	
			762,392		707,546
Current assets					
Stocks		16,638		20,385	
Debtors	11	1,069,361		543,211	
Cash at bank and in hand		1,563,209		1,083,292	
		2,649,208		1,646,888	
Creditors: amounts falling due within one year	12	(2,551,810)		(1,669,450)	
Net current assets			97,398		(22,562)
Total assets less current liabilities			859,790		684,984
Creditors: Amounts falling due after more than one year	13		(87,368)		(112,969)
			772,422		572,015
Capital and reserves					
Called up share capital	21		204,300		204,300
Profit & loss account	22		568,122		367,715
Equity shareholders' funds			772,422		572,015

The notes on pages 11 to 18 form part of these financial statements.

On behalf of the Board:



EFA Ford
Director

Approved by the Board on

9/12/99

Cash Centres Limited
Consolidated Cash Flow Statement
for the year ended 31 August 1999

Reconciliation of operating profit to net cash inflow from operating activities	1999 £	1998 £
Operating profit	593,006	438,180
Loss on sale of fixed assets	113	2,562
Depreciation charges	140,178	136,635
Amortisation of goodwill	6,150	5,844
Decrease/(Increase) in stocks	658	(12,273)
Increase in debtors	(493,697)	(92,161)
Increase in creditors	1,072,919	175,825
	<hr/>	<hr/>
Net cash inflow from operating activities	1,319,327	654,612
	<hr/>	<hr/>
CASH FLOW STATEMENT	1999 £	1998 £
Net cash inflow from operating activities	1,319,327	654,612
Returns on investments and servicing of finance		
Interest paid	(20,205)	(20,436)
Interest received	34,466	35,989
Taxation		
Corporation tax paid (including ACT)	(80,107)	(124,416)
Capital expenditure		
Payments to acquire tangible fixed assets	(176,942)	(400,462)
Proceeds from sale of fixed assets	91,481	5,250
Acquisitions (Note 3)		
Payments to acquire investments in subsidiary undertakings	(114,301)	(27,800)
Equity dividends paid	(137,903)	(111,956)
	<hr/>	<hr/>
Net cash flow before financing	915,816	10,781
Financing		
Repayment of long term loan	(22,803)	(3,401)
Finance lease advances	39,495	151,325
Capital element of finance lease repayments	(117,574)	(68,099)
	<hr/>	<hr/>
Increase in cash in the period	814,934	90,606
	<hr/>	<hr/>

Cash Centres Limited

Notes to the Cash Flow Statement

1	Reconciliation of net cash flow to movement in net funds (note 2)	£	£
	Increase in cash in the period	814,934	
	Cash inflow from increase in debt and lease financing	140,377	
		<hr/>	
	Change in net debt resulting from cash flows	-	955,311
	New finance leases		(39,495)
			<hr/>
	Change in net debt		915,816
	Net funds at 1 September 1998		554,122
			<hr/>
	Net funds at 31 August 1999		1,469,938
			<hr/>

2	Analysis of changes in net funds	At 1 Sept 1998	Cash Flows	Other non cash changes	At 31 Aug 1999
		£	£	£	£
	Cash at bank and in hand	1,117,446	483,865		1,601,311
	Overdrafts	(331,069)	331,069		-
			<hr/>		
			814,934		
	Debt due within 1 year	(2,595)	2,595	-	-
	Debt due after 1 year	(20,208)	20,208	-	-
	Finance leases	(209,452)	117,574	(39,495)	(131,373)
		<hr/>	<hr/>	<hr/>	<hr/>
	TOTAL	554,122	955,311	(39,495)	1,469,938
		<hr/>	<hr/>	<hr/>	<hr/>

3	Purchase of subsidiary undertaking	£
	Payment to acquire 49% of subsidiary	114,301
		<hr/>

Cash Centres Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents commission from services, excluding Value Added Tax.

Tangible fixed assets

Depreciation is provided by the company at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- in accordance with the life of the lease
Office equipment	- 30% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Investments

Current asset investments are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Cash Centres Limited

Notes (Continued)

1 Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Goodwill

Goodwill on consolidation is capitalised and amortised over ten years.

2 Operating profit

Operating profit is stated after charging:

	1999 £	1998 £
Depreciation – assets held under finance leases	51,582	70,514
Depreciation – owned assets	88,596	66,121
Auditors' remuneration – as auditors	18,200	24,421
– for other services	-	4,500
	<hr/>	<hr/>

The auditors remuneration for auditing the financial statements of the company was £13,500.

3 Remuneration of directors

	1999 £	1998 £
Directors' emoluments	351,381	323,090
Pension contributions	11,200	22,801
	<hr/>	<hr/>
	362,581	345,891
	<hr/>	<hr/>

The pension scheme is a money purchase scheme, the company paid contributions on behalf of four of the directors during the year.

The emoluments of the Chairman, who was also the highest paid director, were £95,936.

None of the directors exercised any share options during the year.

Cash Centres Limited

Notes (Continued)

4 Staff numbers and costs

The average number of people employed by the group (excluding directors), analysed by category was as follows:

	1999	1998
Administration	56	54
Selling	14	12
	<u>70</u>	<u>66</u>

The aggregate payroll cost of these persons was as follows:

	1999 £	1998 £
Wages and salaries	929,245	723,123
Social Security costs	79,785	58,671
Pension costs	21,874	11,778
	<u>1,030,904</u>	<u>793,572</u>

5 Interest receivable and similar income

	1999 £	1998 £
Bank interest	34,466	35,989

6 Interest payable and similar charges

	1999 £	1998 £
Loan interest	3,380	3,926
Interest on ACT	-	173
Bank interest paid	23	514
Finance lease interest	16,802	15,823
	<u>20,205</u>	<u>20,436</u>

7 Taxation

	1999 £	1998 £
UK corporation tax	180,637	113,328
Deferred tax charge	35,773	-
Overprovision in prior year	(861)	(1,904)
	<u>215,549</u>	<u>111,424</u>

Cash Centres Limited

Notes (Continued)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 September 1998	58,445
Additions	14,519
	<hr/>
At 31 August 1999	72,964
	<hr/>
Amortisation	
At 1 September 1998	10,714
Charge for year	6,150
	<hr/>
At 31 August 1999	16,864
	<hr/>
Net book value	
At 31 August 1999	56,100
	<hr/>
At 31 August 1998	47,731
	<hr/>

9 Tangible fixed assets

Group

	Leasehold property £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 1998	84,621	520,758	142,053	188,927	936,359
Additions	-	99,982	12,390	64,570	176,942
Disposals	-	(63,981)	-	(61,882)	(125,863)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1999	84,621	556,759	154,443	191,615	987,438
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 September 1998	25,053	202,223	63,504	45,836	336,616
Charge for year	7,707	86,546	11,082	34,843	140,178
Disposals	-	(6,890)	-	(27,379)	(34,269)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1999	32,760	281,879	74,586	53,300	442,525
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 August 1999	51,861	274,880	79,857	138,315	544,913
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1998	59,568	318,535	78,549	143,091	599,743
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Cash Centres Limited

Notes (Continued)

9 Tangible fixed assets (continued)

Company	Leasehold property £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 1998	82,547	504,835	95,575	188,927	871,884
Additions	-	95,611	10,495	64,570	170,676
Disposals	-	(63,981)	-	(61,882)	(125,863)
At 31 August 1999	82,547	536,465	106,070	191,615	916,697
Depreciation					
At 1 September 1998	22,978	188,507	19,778	45,836	277,099
Charge for year	7,708	85,154	10,833	34,843	138,537
Disposals	-	(6,890)	-	(27,379)	(34,269)
At 31 August 1999	30,686	266,771	30,611	53,300	381,367
Net book value					
At 31 August 1999	51,861	269,694	75,459	138,315	535,330
At 31 August 1998	59,569	316,328	75,797	143,091	594,785

The net book value of fixed assets of £535,330 includes an amount of £163,750 in respect of assets held under finance leases.

10 Investments

	1999 £	1998 £
Shares in subsidiary undertakings	227,062	112,761

On 15th January 1999 the company exercised its option and purchased the remaining 49% of the ordinary share capital of Lombard Guildhouse plc for £114,301.

The principal activities of Lombard Guildhouse plc during the period under review were pawnbroking, cheque encashment, and the retail of gold and jewellery.

11 Debtors

	Group 1999 £	1998 £	Company 1999 £	1998 £
Trade debtors	875,740	487,556	796,911	356,366
Other debtors	143,973	30,664	143,973	22,329
ACT recoverable	-	29,881	-	27,989
Prepayments and accrued income	132,083	139,879	128,477	136,527
	1,151,796	687,980	1,069,361	543,211

Cash Centres Limited

Notes (Continued)

12 Creditors: amounts falling due within one year

	Group 1999 £	1998 £	Company 1999 £	1998 £
Bank loans and overdrafts	-	333,664	-	331,069
Obligations under finance leases	74,440	96,483	74,440	96,483
Trade creditors	57,842	95,550	56,722	93,983
Amounts owed to subsidiary company	-	-	116,275	26,909
Other creditors	2,000,609	901,591	2,000,609	901,591
Corporation tax including deferred taxation	185,975	110,849	171,165	98,751
Other taxation and social security	32,682	33,522	32,150	32,634
Accruals and deferred income	109,122	96,673	100,449	88,030
	<u>2,460,670</u>	<u>1,668,332</u>	<u>2,551,810</u>	<u>1,669,450</u>

13 Creditors: amounts falling due after more than one year

	Group 1999 £	1998 £	Company 1999 £	1998 £
Bank loan	-	20,208	-	-
Obligations under finance leases	56,933	112,969	56,933	112,969
Deferred tax	30,435	-	30,435	-
	<u>87,368</u>	<u>133,177</u>	<u>87,368</u>	<u>112,969</u>

14 Loans and overdrafts

An analysis of the maturity of bank loans and overdrafts is given below:

	Group 1999 £	1998 £	Company 1999 £	1998 £
Amounts falling due:				
Within one year	-	333,664	-	331,069
Between one and two years	-	2,925	-	-
Between two and five years	-	11,204	-	-
In more than five years	-	6,079	-	-
	<u>-</u>	<u>353,872</u>	<u>-</u>	<u>331,069</u>

Cash Centres Limited

Notes (Continued)

15 Secured debts

The following secured debts are included within creditors:

	1999 £	1998 £
Bank loan	-	22,803
Obligations under finance leases	131,373	209,452
	<u>131,373</u>	<u>209,452</u>

The bank loan was secured by a charge over the assets of Lombard Guildhouse plc.

Obligations under finance leases are secured on the assets to which they relate.

16 Deferred taxation

A provision of £35,773 has been made for deferred taxation. This provision represents a full provision for timing differences amounting to £110,173 in respect of accelerated capital allowances (1998: *accelerated capital allowances of £86,321*).

17 Obligations under finance leases

The minimum lease payments to which the group and company is committed fall due as follows:

	1999 £	1998 £
Within one year	82,593	114,685
In the second to fifth years inclusive	60,532	111,848
	<u>143,125</u>	<u>226,533</u>
Amount representing future finance charges	(11,752)	(17,081)
Obligation under finance leases	<u>131,373</u>	<u>209,452</u>

18 Related party transactions

Mr E F A Ford owns the premises from which Lombard Guildhouse plc trades. He charges the company £10,000 per annum rent for the use of the building.

During the year the company purchased the remaining 49% of the Ordinary Share Capital of Lombard Guildhouse plc from Mr Ford for consideration of £114,301.

Mr R Tang is a partner in Tang Bowler Wiseman. During the year Cash Centres Limited was charged £4,344 for accountancy and statutory work by Tang Bowler Wiseman.

19 Provisions

Included within other creditors is an amount of £31,494 in respect of a provision made for losses on our London branch. The branch has been sold, subject to assignment of the lease, and therefore we have provided for the loss on disposal of the branch premises.

Cash Centres Limited

Notes (Continued)

20 Post balance sheet events

On 1 September 1999 the Cash Centres Limited group of companies restructured. The aspects of the transaction affecting Cash Centres Limited were:

- Cash Centres Corporation Limited purchased 100% of the ordinary share capital of Cash Centres Limited by way of a share for share exchange.
- The branches of Cash Centres Limited were transferred to Cash Centres Retail Limited. Cash Centres Limited retains the franchised operations.

21 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	10,000,000	10,000,000
<i>Allotted, issued and fully paid</i>		
Ordinary shares of £1 each	204,300	204,300

22 Reserves

Profit and loss account

	Group £	Company £
At beginning of year	398,069	367,715
Retained profit for the financial year	245,678	200,407
At end of year	643,747	568,122

As permitted by s230 of the Companies Act 1985 the company has not presented its profit and loss account.

23 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	383,581	322,280
Dividends	(137,903)	(111,956)
Net addition to shareholders' funds	245,678	210,324
Opening shareholders' funds	602,369	392,045
Closing shareholders' funds	848,047	602,369