

Home Service (GB) Limited

Accounts for the year ended 31 March 2003

Together with Directors'

And

Independent Auditors' Reports

Company Registration No: 2770612



DIRECTORS' REPORT

The Directors have pleasure in submitting the Report and Accounts for the year to 31 March 2003.

Principal Activities and Business Review

The Company's principal activity is that of retailing, through direct mail and telesales activity, affinity branded, domestic assistance insurance policies.

The Directors view the performance for the year as very pleasing, with 24% turnover growth and 44% growth in operating profit. These results have been driven by continued investment in the growth of our telesales operation, focused mailing activity, and strong cost control.

A new parent company, HomeServe plc, was formed during the year. HomeServe plc now owns 100% of the shares in Home Service (GB) Limited. The shares held in Home Service (GB) Limited by its previous owners were exchanged, on a share for share basis, for shares in HomeServe plc during the year.

Financial Results

The Company's results are shown in the profit and loss account on page 8. The Directors are proposing the payment of a final dividend to ordinary shareholders of £3.70m (2002: £3.45m). Interim ordinary dividends paid amount to £1.3m (2002: £1.4m). The retained profit of £5.78m (2002: £4.33m) has been transferred to reserves.

Directors

The Directors who held office during the year, and subsequently, were as follows:

	Date of Appointment	Date of Resignation
Adrian Peter Page		
Andrew John Belk		
Brian Howard Whitty		4 th September 2002
David Malcolm Penna		4 th September 2002
James Matthew Cashmore		
Jennifer Synnott		
Jeremy Peter Middleton		4 th September 2002
Jerome McManus*	18th December 2002	4 th September 2002
Jonathan Charles King		
Katherine Rachael Hughes		4 th September 2002
Michael Blake Hughes		4 th September 2002

DIRECTORS' REPORT

Richard David Harpin

Richard John Shepherd

15th August 2002

Simon Michael Hancox

4th September 2002

*Mr McManus resigned on 4th September 2002 and was reappointed on 18th December 2002.

None of the Directors had a material interest in any trading contract to which the Company was a party during the financial year.

The beneficial interests of the Directors in South Staffordshire Group Plc, the ultimate parent company, are listed below.

	31.3.03	31.3.02
	Ordinary shares	Ordinary shares
J McManus*	1,448	1,448
J Synnott	610	610
J Cashmore	2,906	1,656

Mr Belk and Mr Harpin were Directors of South Staffordshire Group Plc, the ultimate parent company during the year, and their interests in the share capital of that company are shown in its Annual Report. Mr Page's interests are shown in the annual report of South Staffordshire Water PLC. Mr King's interests are shown in the annual report of HomeServe plc.

Mr Harpin has a beneficial interest in 21,300 shares of HomeServe plc, the parent company, at 31st March 2003 (2002: 21,300). At 31st March 2002 these were shares in Home Service (GB) Limited. These were exchanged on a share for share basis for shares in HomeServe plc during the year.

DIRECTORS' REPORT

Details of share options in respect of the shares of South Staffordshire Group Plc are shown below:

	# Scheme	31.3.03	Granted During Year	Exercised During Year	31.3.02	Option Price	Date of Grant	Exercisable From#
J Cashmore	ESOS	12,500	0	0	12,500	£3.775	23.6.00	23.6.03
	ESOS	10,000	0	0	10,000	£5.500	17.7.01	17.7.04
	ESOS	12,500	12,500	0	0	£5.890	8.7.02	8.7.05
	SAYE	1,995	0	0	1,995	£4.760	16.1.02	1.2.05
J McManus	ESOS	12,500	0	0	12,500	£3.775	23.6.00	23.6.03
	ESOS	10,000	0	0	10,000	£5.500	17.7.01	17.7.04
	SAYE	2,362	0	0	2,362	£3.280	21.12.00	1.2.04
	SAYE	399	0	0	399	£4.760	16.1.02	1.2.05
J Synnott	ESOS	12,500	0	0	12,500	£3.775	23.6.00	23.6.03
	ESOS	10,000	0	0	10,000	£5.500	17.7.01	17.7.04
	ESOS	10,000	10,000	0	0	£5.890	8.7.02	8.7.05

ESOS options are exercisable for a 7 year period from the date shown. SAYE options are exercisable for a 6-month period from the date shown.

Payment of Creditors

The company's policy is to pay suppliers in line with the terms of payment agreed with each of them when contracting for their products or services. Trade creditors at 31 March 2003 represent 54 days of purchases during the year (2002: 58).

Employees

The Company has a policy of equal opportunities and non-discrimination in all forms of employment. Every reasonable effort is made to provide disabled people with equal opportunities for employment, training and promotion, having regard to their particular aptitudes and abilities.

Team briefings are held monthly in order to maintain a high level of communication with all employees. Newsletters and special publications are also used to communicate both within the Company and between fellow Group undertakings.

Future Developments

The Directors believe that the strong performance in the year has laid a firm foundation for future growth. The Company is continuing to seek profit opportunities through organic growth, product development and extensions and by acquisition. The Company is uniquely positioned to take advantage of the continuing development of the home service market.

DIRECTORS' REPORT

Auditors

On 31 July 2002, Arthur Andersen resigned as auditors to the Company and Deloitte & Touche were appointed to fill the casual vacancy arising. Subsequently, on 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A. P. Page

Company Secretary

26 February, 2004

Registered Office: Green Lane, Walsall, West Midlands, WS2 7PD

Registered in England and Wales

DIRECTORS' RESPONSIBILITIES

In Relation to the Accounts

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts 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 accounts; and
- ◆ prepare the accounts on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which will enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to detect and prevent fraud and other irregularities.

The Directors, having prepared the accounts, are required to provide to the auditors such information and explanations as the auditors think necessary for the performance of their duty.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Home Service (GB) Limited

We have audited the financial statements of Home Service (GB) Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, notes to the cashflow statement and the related notes 1 to 21. 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are 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 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.

We read the directors' 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

INDEPENDENT AUDITORS' REPORT

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 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

4 March 2004

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover	2	54,454	43,872
Selling Costs	3	(19,570)	(19,338)
Administrative Expenses	3	(16,014)	(11,423)
Operating Profit		18,870	13,111
Investment income	6	-	562
Interest payable	7	(3,213)	-
Profit on Ordinary Activities before Taxation		15,657	13,673
Taxation on profit on ordinary activities	8	(4,895)	(4,522)
Profit on Ordinary Activities after Taxation		10,762	9,151
Dividends Paid and Proposed	9	(4,982)	(4,819)
Retained Profit for the Year	17	5,780	4,332

All of the above results derive from continuing activities.

There are no recognised gains or losses other than the profit for the financial year.

A statement of movements in reserves is given in note 17 to the financial statements.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2003

	Note	2003 £'000	2002 £'000
Fixed Assets			
Tangible assets	10	8,616	9,493
Investments	11	2,087	737
		10,703	10,230
Current Assets			
Debtors	12	45,350	39,706
Cash at bank and in hand		1,334	1,456
		46,684	41,162
Creditors - amounts falling due within one year	13	(35,406)	(35,224)
Net Current Assets		11,278	5,938
Total Assets less Current Liabilities		21,981	16,168
Provisions for liabilities and charges	14	(343)	(310)
Net Assets		21,638	15,858
Capital and Reserves			
Equity interests:			
Called-up share capital	15	109	109
Share Premium	16	6,355	6,355
Capital redemption reserve		12	12
Profit and loss account	17	15,162	9,382
Shareholders' Funds	18	21,638	15,858

The accompanying notes are an integral part of these accounts.

The financial statements were approved by the Board of Directors on 26 February, 2004.



R. J. Shepherd

Director

CASH FLOW STATEMENT

For the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Net Cash Inflow from Operating Activities	(a)	17,589	16,923
Returns on Investments and Servicing of Finance:			
Dividends received		322	81
Interest received		-	240
Interest paid		(3,213)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		(2,891)	321
Taxation:			
Corporation tax paid		(5,339)	(4,067)
Capital Expenditure and Financial Investments:			
Purchase of tangible fixed assets		(769)	(6,858)
Sale of tangible fixed assets		356	5
Investment in joint ventures		-	(314)
Net cash outflow from capital expenditure and financial investments		(413)	(7,167)
Acquisitions and Disposals			
Investment in subsidiary undertakings		(73,993)	(62)
Disposal of subsidiary undertakings		72,643	-
Net cash outflow from Acquisitions and Disposals		(1,350)	(62)
Equity Dividends Paid		(7,718)	(5,219)
(Decrease)/increase in cash	(b)	(122)	729

NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2003		2002	
	£'000	£'000	£'000	£'000
Operating Profit		18,870		13,111
Depreciation	1,124		614	
Amount written off investments	-		260	
Increase in debtors	(5,966)		(4,385)	
Increase in creditors	3,395		7,311	
Loss on disposal of fixed assets	166		12	
		(1,281)		3,812
Net cash inflow from operating activities		17,589		16,923

(b) Reconciliation of Movement in Net Funds

	2003	2002
	£'000	£'000
(Decrease)/increase in cash	(122)	729
Net funds brought forward	1,456	727
Net funds carried forward	1,334	1,456

(c) Analysis of Net Funds

	2003	2002
	£'000	£'000
Cash at bank being net funds	1,334	1,456

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985 because it is a majority owned subsidiary of South Staffordshire Group Plc which prepares consolidated accounts which are publicly available and a notice requesting the preparation of group accounts has not been served on the company.

(b) Turnover

Turnover comprises the amounts receivable from the sale of policies stated net of underwriting, commissions payable and Insurance Premium Tax. Turnover is recognised on sale of the policy as there is no obligation to provide future services. Member acquisition costs are recognised in full on sale of policy.

(c) Tangible Fixed Assets

Tangible fixed assets are shown at historic cost net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets on a straight-line basis to write off the cost less estimated residual value over their estimated useful lives, starting in the year of acquisition. The estimated useful life of the assets are:

Office equipment	5 years
Land & buildings (New buildings)	50 years
(Refurbishments)	25 years

(d) Taxation

Corporation tax is payable on taxable profits at the current rate.

Deferred taxation is provided, on a discounted basis, in respect of capital allowances in excess of depreciation and all other timing differences that have originated but not reversed at the balance sheet date using the current rate of tax.

(e) Pensions

The cost of pension contributions is charged to the profit and loss account on a systematic basis over the service lives of the employees.

(f) Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment.

NOTES TO THE ACCOUNTS

2. Segmental Information

The Directors consider that the Company operates substantially in the UK in one class of business, that being the sale of domestic assistance policies. No analysis of turnover, profit before tax or net assets, by geographical area or by service provided, is considered necessary.

3. Selling Costs and Administrative Expenses

	2003 £'000	2002 £'000
Operating profit stated after charging:		
Depreciation	1,124	614
Staff Costs (see note 4)	10,631	7,367
Loss on disposal of fixed assets	166	12
Auditors remuneration	16	12
Other	23,647	22,756
	35,584	30,761

4. Staff Costs

Staff costs including directors:

	2003 £'000	2002 £'000
Wages and salaries	9,655	6,638
Social Security costs	820	584
Pension costs	156	145
	10,631	7,367

	2003 Number	2002 Number
Average number of employees	442	323

5. Directors' Remuneration

	2003 £'000	2002 £'000
Directors' Remuneration	663	556

NOTES TO THE ACCOUNTS

Mr Whitty, Mr Harpin, Mr Penna and Mr Belk were Directors of South Staffordshire Group Plc and their emoluments are dealt with in the accounts of that company. Mr Page's emoluments are dealt with in the accounts of South Staffordshire Water PLC.

The highest paid Director received emoluments of £151,684. The highest paid Director in the previous year received emoluments of £113,001. The pension scheme, in respect of this Director provides for accrued pension of £19,956 (2002: £18,394) and accrued lump sum of £59,868 (2002: £55,182).

Pensions

The number of directors who were members of pension schemes was as follows:

	2003 Number	2002 Number
Defined Benefit Scheme	4	8
Defined Contribution Scheme	4	4

6. Investment Income

	2003 £'000	2002 £'000
Income from shares in group undertakings	-	322
Interest receivable	-	240
	-	562

7. Interest Payable

	2003 £'000	2002 £'000
Interest payable:		
Bank overdraft and other interest	3,213	-

NOTES TO THE ACCOUNTS

8. Taxation

	2003 £'000	2002 £'000
The tax charge for the year comprises:		
UK corporation tax	5,090	4,338
Adjustment in respect of prior years	(228)	5
Total current Tax	4,862	4,343
Deferred taxation		
Origination and reversal of timing differences	160	179
Increase in discount	(127)	-
Total Tax on profit on ordinary activities	4,895	4,522

The principal differences between the current tax rate for the Company above and the standard rate of corporation tax are as follows:

Standard rate of corporation tax	30.0%	30.0%
Expenses not deductible for tax purposes	2.5%	2.0%
Capital allowances in excess of depreciation	-	(1.3%)
Adjustments in respect of prior years	(1.4%)	-
Current tax rate for the year	31.1%	30.7%

9. Dividends

	2003 £'000	2002 £'000
Ordinary interim dividend paid of £11.71 (2002: £13.71) per share	1,280	1,371
Ordinary final dividend payable of £33.87 (2002: £31.54) per share	3,702	3,448
	4,982	4,819

NOTES TO THE ACCOUNTS

10. Tangible Fixed Assets

	Land and Buildings £'000	Plant & Equipment £'000	Total £'000
Cost			
At 1 April 2002	5,008	5,927	10,935
Additions	456	313	769
Disposals	-	(460)	(460)
Transfer to associated undertaking	-	(169)	(169)
At 31 March 2003	5,464	5,611	11,075
Depreciation			
At 1 April 2002	50	1,392	1,442
Charge for the year	194	930	1,124
Disposals	-	(107)	(107)
At 31 March 2003	244	2,215	2,459
Net Book Value			
At 31 March 2003	5,220	3,396	8,616
Net Book Value			
At 1 April 2002	4,958	4,535	9,493

Capital commitments

The Company is investing £2.8 million on a custom built office on site with capacity for 250 people.

11. Investments in subsidiary undertakings

	Class of shares	Proportion of shares held	Country of Operation	Nature of business
Home Service Insurance Services Limited	Ordinary	100%	England	Insurance
Affinity Partners Limited	Ordinary	100%	Guernsey	Reinsurance
Domeo S.A.	Ordinary	40%	France	Insurance
Home Service Direct Pty Limited	Ordinary	100%	Australia	Insurance

NOTES TO THE ACCOUNTS

	£'000
Cost and net book value	
At 1 April 2002	737
Additions	100,166
Transfers to associated undertakings	(98,816)
At 31 March 2003	2,087

The additions during the year were due to acquisitions of Highway Emergency Services Limited (£48.6m), Regency Financial Holdings Plc (£47.9m), Affinity Partners Limited (£1.7m), and Home Hotline Limited (£1.9m). The investments in Highway Emergency Services Limited, Regency Financial Holdings Plc, and Home Hotline Limited were transferred to the parent company HomeServe plc during the year.

12. Debtors

	2003 £'000	2002 £'000
Due within one year:		
Trade debtors	18,057	15,383
Amounts owed from other Group undertakings	8,276	6,743
Loan to joint venture	684	304
Other debtors	14,699	11,530
Prepayments and accrued income	3,634	5,741
	45,350	39,701
Debtors due after more than one year	-	5
	45,350	39,706

13. Creditors – amounts falling due within one year

	2003 £'000	2002 £'000
Payments in advance	5	-
Trade creditors	8,568	7,501
Amounts owed to other Group undertakings	1,907	632
Other creditors	19,009	17,953
Corporation tax	1,985	2,463
Proposed dividends	3,732	6,468
Other taxation and social security	200	207
	35,406	35,224

NOTES TO THE ACCOUNTS

14. Provisions for liabilities and Charges

	2003 £'000	2002 £'000
Deferred Tax		
Deferred tax is provided as follows		
Accelerated capital allowances	470	310
Discount	(127)	-
<u>Discounted provision for deferred tax</u>	<u>343</u>	<u>310</u>
 The movement on deferred tax is as follows:		
At 1 April	310	131
Charged to profit and loss account	160	179
<u>Adjustment arising due to discounting</u>	<u>(127)</u>	<u>-</u>
<u>At 31 March</u>	<u>343</u>	<u>310</u>

15. Called-up Share Capital

	2003 £'000	2002 £'000
Authorised:-		
112,000 (2002: 112,000) Ordinary shares of £1 each	112	112
Issued and fully paid:-		
109,300 (2002: 109,300) Ordinary shares of £1	109	109

16. Share Premium

	2003 £'000	2002 £'000
Balance at beginning of year	6,355	364
<u>Shares Issued in year</u>	<u>-</u>	<u>5,991</u>
<u>Balance at end of year</u>	<u>6,355</u>	<u>6,355</u>

NOTES TO THE ACCOUNTS

17. Profit and Loss Account

	2003 £'000
Balance at 1 April 2002	9,382
Retained profit for the year	5,780
Balance at 31 March 2003	15,162

18. Reconciliation of Movements in Shareholders' Funds

	2003 £'000	2002 £'000
Profit for the financial year	10,762	9,151
Dividend	(4,982)	(4,819)
New share capital subscribed	-	6,000
Net addition to shareholders' funds	5,780	10,332
Opening shareholders' funds	15,858	5,526
Closing shareholders' funds	21,638	15,858

19. Pension Retirement Benefits

The employees of the Company participate in two funded pension schemes. A number of employees participate in the Water Companies Pension Scheme, by way of a separate sub-fund, which provides benefits based on final pensionable pay. In addition, the Company operates a defined contribution Money Plan pension scheme. The assets of both schemes are held separate from those of the Company, being invested by discretionary fund managers.

The contributions to the defined contribution scheme are charged against profits as incurred. The amount charged to the profit and loss account for the defined benefit scheme is the estimated cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost.

The regular cost of the defined benefit scheme is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over 13 years, being the estimated average remaining working life of Scheme members. The regular cost and the variations are determined by a qualified actuary on the basis of triennial valuations, using the current unit method for death in service benefits, and the projected unit method for other benefits.

NOTES TO THE ACCOUNTS

The most recent actuarial valuation at 1 April 2002 showed the market value of South Staffordshire Group's sub-fund as £121.3 million, and that the actuarial value of those assets represented 113% of the benefits that had accrued to members after allowing for expected future increases in earnings.

In accordance with the recommendations of the actuary, the amount charged to the profit and loss account for the defined benefit scheme in 2003 was £55,000 (2002: £61,000) representing an employers contribution rate of 9.6%. The amount charged to the profit and loss account for the various defined contribution schemes in 2003 was £101,000 (2002: £84,000).

Financial Reporting Standard 17

Additional disclosures regarding the group defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits". In accordance with FRS 17, the company will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of the ultimate parent company, shows a deficit, net of deferred tax, of £7,770,000. Further details of this valuation can be found in the annual report of the ultimate parent company.

20. Ultimate Parent Company

The ultimate parent company is South Staffordshire Group Plc, registered in England and Wales. The only group in which the results of Home Service (GB) Limited are consolidated is that headed by South Staffordshire Group Plc. The consolidated accounts of the Group are available to the public and may be obtained from Green Lane, Walsall, West Midlands, WS2 7PD.

21. Related Party Disclosures

During the year Home Service (GB) Limited received services from OnSite Central Limited, a fellow subsidiary undertaking at a cost of £1,000 (2002: £15,000).

During the year Home Service (GB) Limited received services from South Staffordshire Water Plc, a fellow subsidiary undertaking at a cost of £10,000 (2002: £nil).

During the year Home Service (GB) Limited received services from Echo Managed Services Limited, a fellow subsidiary undertaking at a cost of £332,000 (2002: £nil).

NOTES TO THE ACCOUNTS

During the year Home Service (GB) Limited received services from Home Hotline Limited, a fellow subsidiary undertaking at a cost of £86,000 (2002: £nil).

During the year Home Service (GB) Limited purchased goods from Mail Solutions Limited, a fellow subsidiary, for a total amount £4,336,000 (2002: £4,725,000).

During the year Home Service (GB) Limited incurred management fees and transferred costs as follows:

Name of Company	Relationship	£'000
South Staffordshire Group Plc	Ultimate parent company	1,332
South Staffordshire Water PLC	Fellow subsidiary undertaking	50
Highway Emergency Services Limited	Fellow subsidiary undertaking	750

At 31 March net amounts owed by and to group undertakings were as follows:

	2003 £'000	2002 £'000
Owed by South Staffordshire Group Plc	3,553	-
Owed to South Staffordshire Group Plc	-	79
Owed to South Staffordshire Enterprises Limited	7	-
Owed by South Staffordshire Enterprises Limited	-	5,966
Owed to South Staffordshire Water Plc	44	131
Owed to Mail Solutions Limited	975	363
Owed to Highway Emergency Services Limited	750	-
Owed to OnSite Resources Limited	-	17
Owed to OnSite Central Limited	-	9
Owed by Home Hotline Limited	1,075	820
Owed by Home Service Insurance Services Limited	33	191
Owed by Home Service Direct Pty Limited	30	-
Owed to Echo Managed Services Limited	91	34
Owed by HomeServe Plc	3,585	-
Owed to Rapid Systems Limited	40	-
	6,369	6,344