

BARSHELFCO (NO.73) LIMITED

Report and Accounts
For the 16 months ended 30 April 2002

Registered Office:
Campus 300,
Maylands Avenue,
Hemel Hempstead,
Hertfordshire HP2 7TQ



Registered in England number 2958406

BARSHELFCO (NO.73) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the 16 months ended 30 April 2002.

Change of accounting reference date

On 14 February 2002 the Company changed its' accounting reference date to 30 April 2002, in line with that of its' ultimate parent company Xansa plc.

Authorised and issued share capital

At a shareholder meeting on 18 January 2002, the authorised share capital was redesignated, from 100 ordinary shares of £1 each, to 49 A ordinary shares of £1 each and 51 B ordinary shares of £1 each.

At a shareholder meeting on 18 January 2002 the 2 ordinary Shares of £1 each allotted and issued, were redesignated as B ordinary shares of £1 each, fully paid.

At a shareholder meeting on 18 January 2002 it was agreed to allot and issue, at par value, 49 A ordinary shares of £1 each and 49 B ordinary shares of £1 each to Barclays PLC. On 25 January 2002, Barclays PLC sold 49 A ordinary shares to Xansa UK Limited.

Activities and review of the business

On 1 November 2001, Barclays PLC and Xansa plc issued a joint statement to the London Stock Exchange proposing the formation of a joint business venture. The venture was being set up to provide a broad range of services including software development, support of existing business applications and the management of future strategic technology developments for the Retail and Commercial operations of Barclaycard. Xansa and Barclays would jointly own the new venture, with a shareholding split of 49:51 respectively. Xansa has operational and board control.

Under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations, 1999, Barclaycard transferred 324 staff to Barshelfco (No.73) Limited on 1 February 2002.

Results and dividend

The Company commenced trading on 1 February 2002, and in the 3 months to 30 April 2002 had a turnover of £11,198,579, and a profit after taxation of £572,325.

The Directors do not recommend the payment of a dividend on the results of the first quarters' trading.

BARSHELFCO (NO.73) LIMITED

REPORT OF THE DIRECTORS (continued)

Directors

The directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

	Date of appointment	Date of resignation
Barcosec Limited		25 January 2002
Barometers Limited		25 January 2002
S P Adams	24 May 2002	
J M Allerton	25 January 2002	24 May 2002
L Baggs	28 January 2002	
L K Barrat	28 January 2002	
P S Crook	25 January 2002	22 November 2002
D W Curd	22 November 2002	
P J Drysdale	31 December 2002	
J das Neves e Melo	28 January 2002	31 December 2002
M Rogers	25 January 2002	
S R Weston	28 January 2002	

Directors' interests in shares and options in shares

None of the Directors had an interest in the shares of the Company.

The interests of the Directors in shares or options in the shares of the ultimate parent company, Xansa plc, are listed below.

L K Barrat and S R Weston are directors of the ultimate parent company, Xansa plc, and their interest in the shares of Xansa plc and details of their interests under the Xansa plc share schemes are disclosed in that Company's accounts.

Interest in shares

Ordinary Shares	30 April 2002	date of appointment
L Baggs	278,820	200,332
J Allerton	1,518	1,518

Interest in options in shares

	Option Price (pence)	Options at date of appointment and at 30 April 2002	Date from which exercisable	Expiry date
L Baggs	440.00	20,682	28 Jun 2003	28 Jun 2007
	440.00	2,500	29 Jun 2003	29 Jun 2010
	440.00	4,318	29 Jun 2003	29 Jun 2010
	291.80	15,000	09 Nov 2004	08 Nov 2008
J das Neves e Melo	291.80	10,281	09 Nov 2004	08 Nov 2011
	291.80	39,719	09 Nov 2004	08 Nov 2008
	239.00	1,987	01 Feb 2005	31 Feb 2005

BARSHELFCO (NO.73) LIMITED

DIRECTORS' REPORT for the 16 months ended 30th April 2002 (continued)

Political and charitable donations

The Company did not make any political or charitable donations in the period.

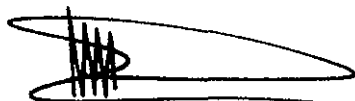
Employee policies

The Company's employment policies are designed to ensure that the organisation is able to attract the highest calibre of employee from all sections of the communities within which it operates. The organisation values diversity in the workplace and is committed to providing equality of opportunity to all employees and potential employees. This ensures that the Company offers people with disabilities the same opportunities for employment, training and career progression as other employees. The Company continues to develop and encourage a participative and accountable management style that complements the employee participation in the equity of the ultimate parent company. Further, the Company has a continuing commitment to the training and development of its employees together with a structured communications programme for keeping them aware of matters of concern including financial and economic factors affecting the performance of the organisation. The ultimate parent company is a member of the Involvement and Participation Association.

Auditors

At a meeting of the Directors on 28 January 2002 Ernst and Young LLP were appointed as Auditors. A resolution will be proposed at the forthcoming Annual General Meeting to approve their appointment and reappoint them as auditors for the ensuing year.

By Order of the Board,

A handwritten signature in black ink, appearing to be 'M D Peters', written over a horizontal line.

M D Peters
Company Secretary

BARSHELFCO (NO.73) LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

select suitable accounting policies and then apply them consistently; and

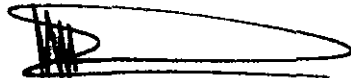
make judgments and estimates that are reasonable and prudent; and

prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts

The Directors are responsible for keeping 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. 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.

By Order of the Board,

A handwritten signature in black ink, appearing to be 'M D Peters', enclosed within a large, loopy oval shape.

M D Peters
Company Secretary

BARSHELFCO (NO.73) LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of Barshelfco (No.73) Limited

We have audited the company's accounts for the 16 months ended 30 April 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 15. These accounts have been prepared on the basis of the accounting policies set out therein.

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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 April 2002 and of its profit for the 16 months then ended and have been properly prepared in accordance with the Companies Act 1985.

EY LLP

Ernst and Young LLP
Registered Auditor
London

22 January 2003

BARSHELFCO (NO.73) LIMITED

PROFIT AND LOSS ACCOUNT **for the 16 months ended 30 April 2002**

	Notes	16 months ended 30 April 2002	12 months ended 31 December 2000
		£	£
Turnover	2	11,198,579	-
Operating costs		10,435,696	-
Operating profit	3	<u>762,883</u>	<u>-</u>
Interest receivable	6	65,437	-
Profit on ordinary activities before taxation		<u>828,320</u>	<u>-</u>
Taxation	7	255,995	-
Retained profit for the period		<u>572,325</u>	<u>-</u>

There are no recognised gains or losses other than the retained profit for the period.

BARSHELFCO (NO.73) LIMITED

BALANCE SHEET As at 30 April 2002

	Notes	30 April 2002	31 December 2000
		£	£
Debtors	8	12,698,112	2
Cash at bank and in hand		51,028	-
		<u>12,749,140</u>	<u>2</u>
Creditors: amounts falling due within one year	9	(12,176,715)	-
Net assets		<u>572,425</u>	<u>2</u>
Capital and Reserves			
Called up share capital	10	100	2
Profit and loss account	11	572,325	-
Equity Shareholders' Funds		<u>572,425</u>	<u>2</u>

Approved by the Board on

15 January 2003



Director

BARSHELFCO (NO.73) LIMITED

STATEMENT OF CASH FLOWS for the 16 months ended 30 April 2002

	Notes	30 April 2002	31 December 2000
		£	£
Net cash inflow from operating activities	12	51,028	-
 Increase in cash at bank		<u>51,028</u>	<u>-</u>

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS for the 16 months ended 30 April 2002

1 ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. Both Financial Reporting Standard (FRS) 18, Accounting Policies, and FRS 19, Deferred Tax, were adopted for the first time in the financial period ending 30 April 2002. In accordance with the transitional arrangements of FRS 17, Retirement Benefits, additional disclosures are contained in the notes to the financial statements. The implementation of FRS 18 has not led to a change in any accounting policies.

Contracts in progress

Profits on time and material contracts are recognised in line with the effort expended. Profits on fixed price contracts are taken in proportion to the work performed on each contract relative to the estimated total cost of completing the contract. Provision is made for the whole of any anticipated contract losses as soon as they are identified.

Pensions

As stated above, 324 salaried staff transferred to Barshelfco (No.73) Limited on 1 February 2002, and from that date were eligible for membership to the pension schemes operated by Xansa plc.

The Xansa Group operates a defined benefits pension scheme, with both contributory and non contributory elements, for the benefit of its employees.

In accordance with the flexible benefits programme, 5% of members' salaries are allocated to individual flex funds to meet their obligations. Contributions to this scheme are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet. The assets of the scheme are held separately from those of the Company in an independently administered fund.

In addition, the Group operates money purchase pension schemes for those employees who wish to participate. Contributions are paid to the scheme so as to secure the benefits set out in the rules.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

2 TURNOVER

Turnover comprises the total value of fees due from customers after deducting all credits and allowances and excluding value added tax.

All turnover is generated and delivered within the United Kingdom and the Directors consider that the Company operates one continuing class of business, namely that of the provision of computer staff.

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

3 OPERATING PROFITS

	16 months ending 30 April 2002	12 months ending 31 December 2000
	£	£
This is stated after charging Auditors remuneration - fees	<u>25,000</u>	<u>-</u>

4 STAFF COSTS

	16 months ending 30 April 2002	12 months ending 31 December 2000
	£	£
Wages and salaries	3,764,273	-
Performance related bonuses in respect of periods ending 31 January 2002	2,478,757	-
Social security costs	265,751	-
Pension costs	576,228	-
	<u>7,085,009</u>	<u>-</u>

On 1 February 2002, Barclays PLC transferred 324 Staff to Barshelfco (No.73) Limited under the Transfer of Undertakings (Protection of Employment) Regulation 1999. Prior to that date the Company had not traded.

The average monthly number of staff during the period of operation and at 30 April 2002 was:

	Number	Number
Technical	308	-
Administrative	16	-
	<u>324</u>	<u>-</u>

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

5 DIRECTORS AND THEIR EMOLUMENTS

A list of the Directors who have served during the period is shown in the Report of the Directors.

Barcosec Limited, Barometers Limited, S Adams, J Allerton, P Crook and M Rogers did not receive any emoluments from the Company, or any member of the Xansa plc group.

L Barrat and S Weston are Directors of Xansa plc, and details of their emoluments are disclosed in the accounts of that Company. J das Neves e Melo did not receive any emoluments from any Xansa group company in respect of his services as a Director of the Company.

	Salaries	Benefits in kind	Sub – total	Pensions	Total
	£	£	£	£	£
L Baggs	33,750	6,804	40,554	6,294	46,838

The figure for pensions, shown above, are the contributions paid by the Company.

Directors' pension entitlement

L Baggs, L K Barrat, P J Drysdale, J das Neves e Melo and S R Weston are members of the Xansa Pension Plan (the "Plan"). The Plan is a defined benefit scheme under which the Directors are entitled to receive benefits that are based on one sixtieth of final pensionable earnings for each year of pensionable service. The Plan operates on a non contributory basis as part of the Company's Flexible Benefit arrangements, under which a deduction is made from the Director's Flex Fund, which includes an amount equivalent to 5% of salary.

The normal retirement date under the Plan is age 60, which enables Directors to achieve a maximum pension of two thirds of their salary at normal retirement date after 40 years' service, subject to the maximum benefit set down by the Inland Revenue Pension Schemes Office.

A lump sum is payable on death in service which, subject to a minimum core benefit, is elected by the member under the Flexible Benefit arrangements, together with a spouse's pension of 50% of the member's prospective pension plan at age 60. On death, after retirement, a spouse's pension of 50% of the member's pre – commutation pension is payable. In the event of the death of the member after leaving service, but prior to commencement of pension, a spouse's pension of 50% of the preserved pension, with revaluation up to the date of death, is payable. Early retirement after age 50 is subject to Company and Trustee consent and pensions are actuarially reduced for early payment.

All pensions will increase in the course of payment in line with the Retail Price Index to a maximum of 5% per annum for Directors who joined the Plan prior to 1 May 1993. For Directors that joined on or after 1 May 1993, all pensions in excess of Guaranteed Minimum Pension ("GMP's") will increase in payment in line with the Retail Price Index to a maximum of 5% per annum and GMP's will receive statutory increases. The Trustees have not at any time exercised their discretion to provide further increases to pensions in payment.

Substantial protection is also offered in the event of incapacity, through a Group Permanent Health Insurance Scheme.

6 INTEREST RECEIVABLE

	16 months ending 30 April 2002 £	12 months ending 31 December 2000 £
Interest receivable from fellow Group undertakings	<u>65,437</u>	<u>-</u>

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

7 TAXATION

	16 months ending 30 April 2002	12 months ending 31 December 2000
	£	£
UK Corporation tax in current period	<u>255,995</u>	<u>-</u>

The difference between the tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit on ordinary activities before taxation is as follows:

	16 months ending 30 April 2002	12 months ending 31 December 2000
	£	£
Profit on ordinary activities before taxation	828,320	-
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	248,496	-
Factors affecting charge for the period: Expenses not deductible for tax purposes	<u>7,499</u>	<u>-</u>
	<u>255,995</u>	<u>-</u>

8 DEBTORS

	30 April 2002	31 December 2000
	£	£
Amounts due from related party	452,775	2
Amounts to be billed	299,899	-
Amounts due from ultimate parent company	11,945,438	-
	<u>12,698,112</u>	<u>2</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 2002	31 December 2000
	£	£
Revenue in advance	9,656,415	-
Trade creditors	55,488	-
Corporation tax	255,995	-
Other taxes and social security	13,025	-
Other creditors and accruals	911,584	-
Amounts due to fellow subsidiary undertaking	1,284,208	-
	<u>12,176,715</u>	<u>-</u>

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

10 CALLED UP SHARE CAPITAL

	30 April 2002	31 December 2000
	£	£
Authorised		
100 ordinary shares of £1 each	-	100
On the 18 January 2002, the authorised share capital was redesignated, as follows:		
49 A ordinary shares of £1 each	49	-
51 B ordinary shares of £1 each	51	-
	<u>100</u>	<u>100</u>
 Called up, allotted and fully paid	 £	 £
2 ordinary shares of £1 each		2
On the 18 January 2002, the called up, allotted and fully paid share capital was redesignated, as follows:		
2 B ordinary shares of £1 each	2	-
On the 18 January 2002, the Company issued the following shares:		
49 A ordinary shares of £1 each	49	-
49 B ordinary shares of £1 each	49	-
	<u>100</u>	<u>2</u>
 As at start of period		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
 As at end of period		
2 ordinary shares of £1 each	-	2
49 A ordinary shares of £1 each	49	-
51 B ordinary shares of £1 each	51	-
	<u>100</u>	<u>2</u>

At a shareholder meeting on 18th January 2002 the 2 ordinary shares of £1.00 each allotted and issued, were redesignated as B ordinary shares of £1 each, fully paid.

At a shareholder meeting on 18th January 2002 it was agreed to allot and issue, at par value, 49 A ordinary shares of £1 each and 49 B ordinary shares of £1 each to Barclays PLC. On 25th January 2002, Barclays PLC sold 49 A ordinary shares to Xansa UK Limited.

11 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Profit & Loss Account	Total
	£	£	£
As at 1 January 2000 and 2001	2	-	2
Shares issued in period	98	-	98
Profit in the period	-	572,325	572,325
As at 30 April 2002	<u>100</u>	<u>572,325</u>	<u>573,425</u>

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

12 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30 April 2002	31 December 2000
	£	£
Operating profit	762,883	-
Increase in debtors	(12,632,575)	-
Increase in creditors	11,920,720	-
	<u>51,028</u>	<u>-</u>

Analysis of change in net debt

	At 1 January 2001	Cash flow	At 30 April 2002
	£	£	£
Cash at bank and in hand	-	51,028	51,028

13 RELATED PARTY TRANSACTIONS

Barshelfco (No.73) Limited is jointly owned by Barclays PLC and Xansa plc which hold 51% and 49% respectively of the issued share capital. In the 16 month period ended 30 April 2002 related party transactions as listed below occurred which fall to be disclosed under Financial Reporting Standard No.8.

Xansa plc and certain of its subsidiaries, have received payments from Barshelfco (No.73) Limited during the period in respect of the supply of seconded IT resources. In addition Barshelfco (No.73) Limited has made payment to Barclays PLC mainly in respect of accommodation, and received payment, from Barclays PLC, in respect of the provision of IT professionals for the development of software, and the maintenance and support of software application.

	Sales to related parties	Purchases from related party	Amounts owing by related party	Amounts owing to related party
	£	£	£	£
Barclays PLC	11,198,579	25,222	452,775	25,222
Xansa UK Limited	-	3,335,803	-	1,284,208
Xansa plc	-	-	11,945,438	-

14 PENSION COSTS

The Company accounts for pension costs under Statement of Standard Accounting Practice (SSAP) 24. Disclosures are provided under both SSAP 24 and FRS 17 as required by the Standards.

The Xansa group of companies operate a defined benefit pension scheme in the UK called the Xansa Pension Plan ("the Plan"), whose employees are eligible to join by invitation only. The Plan is funded by payments of contributions to a separately administered fund.

The last triennial valuation of the Xansa Pension Plan was performed as at 31 December 2000, by professionally qualified actuaries, using the projected unit method. The major assumptions used by the actuaries were that, over the long term, the return on the Plan's assets would be 6.5% per annum and that salaries would increase at an average of 5.0% per annum. Allowances have been made for post-retirement pension increases guaranteed under the Plan rules.

BARSHELFCO (NO.73) LIMITED

NOTES TO THE ACCOUNTS (continued) for the 16 months ended 30 April 2002

14 PENSION COSTS (continued)

The actuarial value of the assets was 86% of the liabilities using the assumptions outlined above. The market value of the scheme's assets was £72.9 million. Allowing for the above mentioned salary increases, the actuarial unfunded liability disclosed at the valuation date was £11.4 million .

The Pensions Act 1995 introduced the Minimum Funding Requirement (MFR). The aim of the MFR is to improve the security of members' benefits by ensuring that the assets of a scheme are not less than the amount of liabilities on a prescribed basis. The unaudited value of the Plan's assets on the MFR basis was £72.9million representing 89% of the MFR liabilities at the valuation date. The excess of the MFR liabilities over the MFR assets is being recovered over the five years to April 2007 by additional contributions of 3.0% of pensionable pay.

Contributions made by the Company during the period to 30 April 2002 totalled £379,528. The contribution rate for the period to 30 April 2003 has been set at 18.65% of pensionable pay, which includes the additional 3.0% to recover the deficit noted above.

The Company is unable to identify its share of the underlying assets and liabilities in the Xansa Pension Plan, as the Plan also covers employees of other Xansa companies. Information concerning the assets and liabilities of the Plan calculated in accordance with FRS17 can be found in Xansa plc annual report and accounts for the year ended 30 April 2002.

The Group operates a number of defined contribution pension schemes in the UK. The main scheme is called the Xansa Money Purchase Pension Scheme and is open to all employee who are not members of the Xansa Pension Plan. Contributions payable by the Company in respect of the period were £97,997. At 30 April 2002 the amount outstanding in respect of defined contribution schemes was £32,748.

15 PARENT UNDERTAKING

The Company's ultimate parent undertaking is Xansa plc, a company registered in England. The Xansa plc Report and Accounts are available to the public and can be obtained from: Campus 300, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TQ.