



ARTHUR ANDERSEN

M & E Network Services Limited

Accounts for the year ended 30 April 1999
together with director's and auditors' reports

Registered number: 3307674



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Company information

For the year ended 30 April 1999

Director

S H Hudson

Secretary

L L Davidson

Registered office

Greatminster House

Lister Hill

Horsforth

Leeds

LS18 5DL

Registered number

3307674 (England and Wales)

Auditors

Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House

Abbey Street

Reading

RG1 3BD

Director's report

For the year ended 30 April 1999

The director presents his annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 30 April 1999.

Principal activity

The principal activity of the company was the provision of administrative services to client members.

Review of business and dividends

The results for the year are dealt with in the profit and loss account on page 6.

The director does not recommend payment of a dividend.

Directors and their interests

The directors who served during the year were as follows:

S H Hudson

M A Stanyard (resigned 4 January 1999)

None of the directors had any beneficial interests in the share capital of the company during the year.

The beneficial interests of the directors in Greatminster Group Limited, the ultimate parent undertaking, and Tenet Limited, the immediate parent undertaking, during the year are shown in the accounts of those respective companies.

Director's report (continued)

Director's responsibilities

Company law requires the director 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 of the company for that period. In preparing those accounts, the director is 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. He is 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.

Year 2000 issues

The board considered the potential impact and extent of the year 2000 computer problems on the company and its operations. The company evaluated the compliance of its own internal computer systems, and those of its member firms, and where necessary, made any changes necessary to either systems hardware or software. Additionally, interfaces with providing institutions, suppliers and other relevant parties were evaluated. No material expenditure was incurred. The directors are not aware of any material impact arising from the date change but will continue to monitor the situation.

Greatminster House
Lister House
Horsforth
Leeds
LS18 5DL

By order of the Board,



L L Davidson
Secretary

17 March 2000



ARTHUR ANDERSEN

Auditors' report

To the members of M & E Network Services Limited:

We have audited the accounts on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 at 30 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

17 March 2000

Profit and loss account

For the year ended 30 April 1999

	Notes	Continuing operations Year ended 30 April 1999 £	15 months ended 30 April 1998 (Note 10) £
Turnover		62,960	36,158
Administrative expenses		(63,231)	(35,797)
Operating profit		(271)	361
Bank interest receivable		902	242
Profit on ordinary activities before taxation		631	603
Taxation	3	(82)	(177)
Profit for the financial period	7,8	549	426

All recognised gains and losses are included in the profit and loss account.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 April 1999

	Notes	1999 £	1998 (Note 10) £
Fixed assets			
Investments		<u>2</u>	<u>2</u>
Current assets			
Debtors	4	1,077	1,077
Cash at bank and in hand		<u>31,059</u>	<u>34,893</u>
		32,136	35,970
Creditors: Amounts falling due within one year	5	<u>(31,162)</u>	<u>(35,545)</u>
Net current assets		<u>974</u>	<u>425</u>
Total assets less current liabilities		<u>976</u>	<u>427</u>
Capital and reserves			
Called-up share capital	6	1	1
Profit and loss account	7	<u>975</u>	<u>426</u>
Equity shareholders' funds	8	<u>976</u>	<u>427</u>

Signed on behalf of the Board



S H Hudson
Director

17 March 2000

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

30 April 1999

1 Statement of accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below:

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

Turnover represents fees receivable for services provided net of Value Added Tax.

c) Investments

Investments are included at cost less amounts written off for permanent impairment.

d) Taxation

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

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the director will probably not reverse.

2 Staff costs

The average number of persons, including directors, employed by the company, during the period was as follows:

	Year ended 30 April 1999 Number	15 months ended 30 April 1998 Number
Administration	<u>2</u>	<u>2</u>

No wages or salaries or directors' emoluments were incurred during the year.

3 Taxation

The tax charge on the profit on ordinary activities for the period was as follows:

	Year ended 30 April 1999 £	15 months ended 30 April 1998 £
UK corporation tax at 21% (1998: 21%)	132	177
Adjustment in respect of prior period	<u>(50)</u>	<u>-</u>
	<u>82</u>	<u>177</u>

There is no potential liability for deferred taxation at the year end (1998: Nil).

Notes to the accounts (continued)

4 Debtors

	1999 £	1998 £
Trade debtors	<u>1,077</u>	<u>1,077</u>

5 Creditors: Amounts falling due within one year

	1999 £	1998 £
UK corporation tax payable	259	177
Other taxes and social security	1,691	1,636
Owed to group undertakings	<u>29,212</u>	<u>33,732</u>
	<u>31,162</u>	<u>35,545</u>

6 Called-up share capital

	1999 £	1998 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

7 Movement in reserves

	Profit and loss account 1999 £
Balance at beginning of year	426
Profit for the year	<u>549</u>
Balance at end of year	<u>975</u>

Notes to the accounts (continued)

8 Reconciliation of movement on shareholders' funds

	1999 £	1998 £
Profit for the financial year	549	426
Issue of share capital	-	1
Net addition to shareholders' funds	549	427
Opening shareholders' funds	427	-
Closing shareholders' funds	976	427

9 Holding companies

The company is a wholly owned subsidiary of Tenet Limited, a company incorporated in England and Wales. The directors consider that Greatminster Group Limited, a company incorporated in England and Wales, is the company's ultimate parent undertaking.

Greatminster Group Limited is the smallest and largest group in which the results of the company are consolidated. Copies of the accounts of Greatminster Group Limited are available from Greatminster House, Lister Hill, Horsforth, Leeds, LS18 5DL.

No disclosure of transactions with group companies has been given in these accounts, as permitted by the exemptions available under Financial Reporting Standards "Related Party Disclosures".

10 Prior year comparative amounts

The prior year comparative amounts were audited by a firm of Chartered Accountants other than Arthur Andersen.

