

**M & E Network Services Limited**

**Directors' report and financial  
statements**

**Registered number 3307674**

**30 April 2004**



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## Company information

<b>Directors</b>	SH Hudson NE Kelly SM Jones
<b>Secretary</b>	AC Wearing
<b>Registered office</b>	Network House Lister Hill Horsforth LEEDS LS18 5AZ
<b>Registered number</b>	3307674 (England and Wales)
<b>Auditors</b>	KPMG Audit Plc 1 The Embankment Neville Street LEEDS LS1 4DW
<b>Bankers</b>	Barclays Bank plc Barclays Business Centre PO Box 100 LEEDS LS1 1PA
<b>Solicitors</b>	Eversheds Cloth Hall Court Infirmary Street LEEDS LS1 2JB

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

### Principal activities

The principal activity of the company was the provision of administrative services to client members. The company has not traded in the current year and it is not intended that the company will trade in the foreseeable future.

### Results and proposed dividend

The results for the year are dealt with in the profit and loss account on page 5.

The directors do not recommend payment of a final dividend for the year (2003: £Nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

SH Hudson

NA Preston (resigned 31 December 2003)

NE Kelly (appointed 1 June 2004)

SM Jones (appointed 1 June 2004)

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

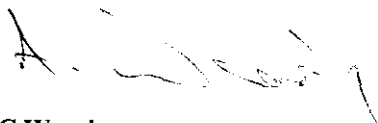
The beneficial interests of SH Hudson, in Tenet Group Limited, the ultimate parent undertaking, during the year are shown in the accounts of that company.

The beneficial interests of NE Kelly and SM Jones in Tenet Group Limited, the ultimate parent undertaking, during the year are shown in the accounts of The M&E Network Limited.

### Auditors

The auditors, KPMG Audit Plc, have expressed their intention not to seek re-appointment at the forthcoming Annual General Meeting. The directors will seek to appoint new auditors in accordance with section 285 of the Companies Act 1985 and a resolution to ratify the appointment of new auditors will be proposed at the Annual General Meeting.

By order of the board



**AC Wearing**  
Secretary

27 October 2004

Network House  
Lister Hill  
Horsforth  
LEEDS  
LS18 5AZ

## **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; and
- 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.



## KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Report of the independent auditors to the members of M & E Network Services Limited**

We have audited the financial statements on pages 5 to 11.

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 auditor's 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**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 to you 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.

#### **Basis of audit 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 as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

27 October 2004.

**Profit and loss account**  
*for the year ended 30 April 2004*

	<i>Note</i>	<b>2004</b> £	2003 £
Administrative expenses		(1)	-
<b>Operating loss</b>		(1)	-
Interest receivable and similar income		-	16
Interest payable and similar charges		(2)	(32)
<b>Loss on ordinary activities before taxation</b>		(3)	(16)
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial period</b>	8,9	(3)	(16)

There were no recognised gains or losses in either year other than the result for the year as shown above.  
 All amounts relate to discontinued operations.

**Balance sheet**  
*at 30 April 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Fixed assets</b>			
Investments	4	27	27
<b>Current assets</b>			
Debtors	5	-	13
		<hr/>	<hr/>
		-	13
<b>Creditors: amounts falling due within one year</b>	6	(18)	(28)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(18)	(15)
		<hr/>	<hr/>
<b>Net assets</b>		9	12
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account	8	8	11
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	9	9	12
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 27 October 2004 and were signed on its behalf by:



**SH Hudson**  
 Director

## Notes

### 1 Statement of 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.

#### a) *Basis of preparation*

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

The company is reliant on the support of its ultimate parent undertaking, Tenet Group Limited, in order to continue as a going concern. The directors of Tenet Group Limited have indicated this support will continue until the company is able to support itself, and that repayment of balances due to group companies will only be required when funds are available. Accordingly, the financial statements have been prepared on a going concern basis.

#### b) *Investments*

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

#### c) *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### d) *Cash flow statement*

The Company's ultimate parent company is Tenet Group Limited. The cashflows of the company are included in the consolidated group cashflow statement of Tenet Group Limited, which is publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cashflow statement.

### 2 Staff costs

The average number employed by the company, which represents directors, during the year was as follows:

	Number of employees	
	2004	2003
Directors	2	2

## Notes (continued)

No wages or salaries or directors emoluments were incurred during the year (2003: £Nil). The directors of M&E Network Services Limited during the year were directors of Tenet Group Limited and their emoluments paid by the group are disclosed in the consolidated accounts of Tenet Group Limited.

### 3 Tax on loss on ordinary activities

#### a) Analysis of charge in year at 30% (2003 – 30%)

	2004 £	2003 £
Current tax at 30% (2003 – 30%)	-	-
Overprovision in prior years	-	-
Repayment of prior year tax	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

#### b) Factors affecting current tax in year

Loss on ordinary activities before tax	(3)	(16)
	<hr/>	<hr/>
Tax on loss on ordinary activities at UK standard rate of 30 % (2003 – 30%)	(1)	(5)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief claimed for no payment	1	5
	<hr/>	<hr/>
Current tax for year	-	-
	<hr/>	<hr/>

## Notes (continued)

### 4 Fixed asset investments

The company holds a fixed asset investment in its subsidiary undertaking Tenet Limited:

#### Ordinary shares of £1 each

	Number
At beginning and end of year	27

The only company in which M & E Network Services Limited's interest at the year end is more than 20%:

	Country of incorporation	Principal Activity	Holding
<b>Subsidiary undertaking</b>			
Tenet Limited (formerly Tenet Group Limited, formerly M&E Direct Limited)	England and Wales	Dormant	100%

### 5 Debtors

	2004 £	2003 £
Other debtors	-	13

### 6 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	1	4
Owed to group undertakings	17	12
Accruals	-	12
	18	28

## Notes (continued)

### 7 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called-up and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

### 8 Movements in reserves

	Profit and loss account £
Balance at beginning of year	11
Loss for the financial year	(3)
	<hr/>
<b>Balance at end of year</b>	<b>8</b>
	<hr/>

### 9 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Loss for the financial year	(3)	(16)
	<hr/>	<hr/>
Net reduction in shareholders funds	(3)	(16)
Opening shareholders funds	12	28
	<hr/>	<hr/>
<b>Closing shareholders funds</b>	<b>9</b>	<b>12</b>
	<hr/>	<hr/>

## **Notes** *(continued)*

### **10 Ultimate parent undertaking and controlling party**

The company is a wholly owned subsidiary of M & E Network Limited, a company incorporated in England and Wales.

The directors consider that Tenet Group Limited, formerly Tenet Limited, a company incorporated in England and Wales, is the company's ultimate parent undertaking.

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

No disclosure of transactions with group companies has been given in these accounts, as permitted by the exemptions available under Financial Reporting Standard 8 "Related Party Disclosures".

The controlling party is Tenet Group Limited and in the Directors' opinion there is no ultimate controlling party.

### **11 Contingent liability**

Barclays Bank holds a fixed and floating charge over the assets of the company both present and future. The company, along with other fellow subsidiary companies of Tenet Group Limited, has jointly guaranteed to the Group's bank, an unlimited amount in the event of default on repayment of the Group's bank borrowing.