

EBAC MANAGEMENT SERVICES LIMITED

Report and Accounts

31 December 2001

 ERNST & YOUNG



Ebac Management Services Limited

Registered No. 3338449

DIRECTORS

S Peacock
S R Lilly
G Currie
C Elliott
F Tarbah
P Gillespie
P D Hutchison
M R Elliott
A Hird

SECRETARY

A Hird

AUDITORS

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

BANKERS

HSBC Bank plc
1 Saddler Street
Durham
DH1 3NR

SOLICITORS

Eversheds
Sun Alliance House
35 Mosley Street
Newcastle upon Tyne

REGISTERED OFFICE

St Helen Trading Estate
Bishop Auckland
Co Durham
DL14 9AL

Ebac Management Services Limited

DIRECTORS' REPORT

The directors' present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was that of management services.

BUSINESS REVIEW

The profit for the year after taxation was £10,056 (2000: £49,074).

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend (2000: £Nil).

DIRECTORS AND THEIR INTERESTS

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

S Peacock
S R Lilly
G Currie
C Elliott
F Tarbah
P Gillespie
P D Hutchison
M R Elliott
A Hird

The directors who held office at the end of the financial year had the following interests in the shares of other group companies, according to the register of directors' interests:

		<i>Class of share or debenture</i>	<i>Interest at end of year</i>	<i>Interest at start of year or date of Appointment</i>
S Peacock	Ebac Group Limited	Ordinary	61,067	61,067
S R Lilly	Ebac Group Limited	Ordinary	60,000	60,000
G Currie	Ebac Group Limited	Ordinary	10,000	10,000
C Elliott	Ebac Group Limited	Ordinary	-	-
F Tarbah	Ebac Group Limited	Ordinary	30,000	30,000
P Gillespie	Ebac Group Limited	Ordinary	80,000	30,000
P D Hutchinson	Ebac Group Limited	Ordinary	10,000	10,000
M R Elliott	Ebac Group Limited	Ordinary	-	-
A Hird	Ebac Group Limited	Ordinary	20,000	20,000
S Peacock	Ebac Group Limited	Preference	26,650	26,650
S R Lilly	Ebac Group Limited	Preference	-	-
S Thompson	Ebac Group Limited	Preference	-	-
G Currie	Ebac Group Limited	Preference	-	-
C Elliott	Ebac Group Limited	Preference	-	-
F Tarbah	Ebac Group Limited	Preference	-	-
P Gillespie	Ebac Group Limited	Preference	-	-
P D Hutchinson	Ebac Group Limited	Preference	-	-
M R Elliott	Ebac Group Limited	Preference	-	-
A Hird	Ebac Group Limited	Preference	-	-

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company (or any other group company) were granted to any of the directors or their immediate families, or exercised by them, during the financial year:

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By Order of the Board



A Hird
Secretary

29 May 2002

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 of the company for that period. In preparing those 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EBAC MANAGEMENT SERVICES LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements 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 financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

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 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

29 May 2002

Ebac Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER			
Continuing operations	2	445,488	444,551
Cost of sales	4	(425,277)	(375,296)
GROSS PROFIT		20,211	69,255
Administrative expenses		(7,641)	(318)
OPERATING PROFIT			
Continuing operations		12,570	68,937
Tax on profit on ordinary activities	5	2,514	(19,863)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		10,056	49,074
Dividends on equity shares	6	-	-
RETAINED PROFIT FOR THE YEAR		£10,056	£49,074

The company made no recognised gains or losses in the year apart from the result for the period as stated above.

Ebac Management Services Limited

BALANCE SHEET

At 31 December 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Debtors	7	35,503	71,455
Cash at bank and in hand		89,390	73,003
		<u>124,893</u>	<u>144,458</u>
CREDITORS: amounts falling due within one year	8	(65,722)	(95,343)
		<u>59,171</u>	<u>49,115</u>
NET CURRENT ASSETS		<u>£59,171</u>	<u>£49,115</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	59,169	49,113
		<u> </u>	<u> </u>
SHAREHOLDERS' FUNDS			
Equity	11	£59,171	£49,115
		<u> </u>	<u> </u>

These financial statements were approved by the Board of Directors on 29 May 2002 and were signed on its behalf by:

S Peacock
Director



Ebac Management Services Limited

NOTES TO THE ACCOUNTS

At 31 December 2001

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 in the United Kingdom, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Ebac Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Ebac Group Limited, within which this company is included, can be obtained from the address given in note 14.

Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2. ANALYSIS OF TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

All turnover and the profit on ordinary activities before taxation is derived from the company's principal activity.

Auditors' remuneration is paid by the parent company on behalf of Ebac Management Services Limited.

3. DIRECTORS' REMUNERATION

	2001	2000
Directors' emoluments	£419,729	£363,065
Company contributions to Money Purchase pension schemes	£5,548	£12,231

The emoluments of the highest paid director were £70,929 (2000: £48,924) and company pension contributions of £Nil (2000: £1,470) were made to a Money Purchase scheme on his behalf.

Ebac Management Services Limited

NOTES TO THE ACCOUNTS

At 31 December 2001

3. DIRECTORS' REMUNERATION (CONTINUED)

	<i>Number of directors</i>	
	<i>2001</i>	<i>2000</i>
	<i>No.</i>	<i>No.</i>
Retirement benefits are accruing to the following number of directors under:		
Money Purchase schemes	9	10

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	<i>Number of employees</i>	
	<i>2001</i>	<i>2000</i>
	<i>No.</i>	<i>No.</i>
Management	9	10

The aggregate payroll costs of these persons were as follows:

	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
Wages and salaries	380,206	327,332
Social security costs	39,523	35,733
Other pension costs	5,548	12,231
	<u>£425,277</u>	<u>£375,296</u>

5. TAXATION

	<i>2001</i>	<i>2000</i>
UK Corporation tax at 30% (2000: 20%)	£2,514	£19,863

6. DIVIDENDS

	<i>2001</i>	<i>2000</i>
Equity shares:		
Final dividend proposed	£ -	£ -

Ebac Management Services Limited

NOTES TO THE ACCOUNTS

At 31 December 2001

7. DEBTORS

	2001	2000
Amounts owed by group undertakings	£35,503	£71,455
All debtors fall due within one year.		

8. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Corporation tax	2,514	19,863
Taxation and social security	11,429	13,578
Other creditors	11,779	21,902
Dividend proposed	40,000	40,000
	£65,722	£95,343

9. CALLED UP SHARE CAPITAL

	2001	2000
Authorised Equity: ordinary shares of £1 each	£2	£2
Allotted, called up and fully paid Equity: ordinary shares of £1 each	£2	£2

10. RESERVES

	<i>Profit and loss account</i> £
At 1 January 2001	49,113
Profit for the year	10,056
At 31 December 2001	£59,169

NOTES TO THE ACCOUNTS

At 31 December 2001

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	10,056	49,074
Dividends	-	-
Net addition to shareholders' funds	10,056	49,074
Opening shareholders' funds	49,115	41
Closing shareholders' funds	£59,171	£49,115

12. COMMITMENTS

There were no capital commitments at the end of the financial year (2000: £Nil).

13. PENSION SCHEME

The company operates a defined benefit pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £5,548 (2000: £12,231).

Contributions amounting to £Nil (2000: £Nil) were payable to the fund and are included in creditors.

14. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The company is a subsidiary undertaking of Ebac Limited incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Ebac Group Limited incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Ebac Group Limited, St Helen Trading Estate, Bishop Auckland, County Durham, England.

The ultimate controlling party is deemed to be the directors, who act in concern.