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LINK Interchange Network Limited

Annual report

for the year ended 30 June 2005

Registered no: 3565766

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005**

	Page
Directors' report	1 – 4
Report of the independent auditors	5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the financial statements	9 - 22

Directors' Report

For The Year Ended 30 June 2005

The Directors present their report and the audited financial statements for the year ended 30 June 2005. The comparative figures represent the results of the Company and the group for the year ended 30 June 2004.

Principal activity

The principal activity of the Company and the group is the provision of transaction management services to the financial sector.

Results and dividends

The group's profit after taxation for the financial period is £7,086,309 (2004: £9,025,413).

Dividends paid and payable are:

	Amount per share £	2005		Amount per share £	2004	
		Total dividend £	Date paid / payable		Total dividend £	Date paid
Interim	45.88	4,500,828	31/05/05	40.78	4,000,518	28/05/04
Final	21.41	2,100,321	26/11/05	20.39	2,000,259	26/11/04
		<u>6,601,149</u>			<u>6,000,777</u>	
Special				20.39	2,000,259	19/12/03
Total		<u>6,601,149</u>			<u>8,001,036</u>	

A review of the level of business and likely future developments is included in the Chief Executive's review.

Directors and their interests

No Directors had any interest in the 'A' ordinary or 'B' ordinary shares of the Company during the year ended 30 June 2005. Three Directors held 'E' share options granted in 2004 and two Directors had holdings of 'E' ordinary shares at 30 June 2005.

Each Member of the Company is permitted to nominate a non-executive Director and an alternate to the board of Directors. The Directors of the Company and their respective institutions, including changes up to 1 September 2005 are listed overleaf. The date of appointment or resignation is shown only for changes that have occurred after 1 July 2004.

Directors & Members	Date of appointment	Date of resignation	Alternate	Date of appointment	Date of resignation
Non-executive Chairman					
P E Presland					
Chief Executive					
J T Hardy					
Finance Director					
P M Gerrard					
Planning & Business Development Director					
K A Shields					
Abbey National plc					
G A Mott		22/08/05	T C Sawyer		01/03/05
Alliance & Leicester plc					
S Styles			W J Monk		
AIB Group (UK) plc					
P F Moloney		17/05/05	M B Coffey		
N J Donegan	17/05/05				
Bank of Scotland (No Director appointed)					
Barclays Bank plc					
B M Davis			S Newman		04/02/05
			J Warren	03/04/05	
Bradford & Bingley plc					
J Pearson		05/05/05			
J R Brown	13/05/05				
Bristol & West plc					
D Williams		30/08/05	J K Bustin		30/08/05
Britannia Building Society					
K L Oakes			G E Brown		27/7/04
			M Chizlett	10/09/04	
Clydesdale Bank plc					
T A McComb		04/04/05	D Robson		12/05/05
P Myers	12/05/05		S P Wright	12/05/05	
Co-operative Bank plc					
J R Hughes			G Brandwood		10/06/05
Coventry Building Society					
B S Day					

Directors & Members	Date of appointment	Date of resignation	Alternate	Date of appointment	Date of resignation
Derbyshire Building Society					
D G Hughes			J A Gaunt		
Halifax plc					
J Capper			I Headford		
HFC Bank plc					
D Magrath		18/09/04			
H Brown	01/10/04	08/07/05			
S Dix	11/08/05	31/08/05			
Lloyds Bank plc					
P J Martin		08/03/05	N Berkett		
M A Timms	08/03/05				
HSBC Bank plc					
J Rendle			M Constantine		
Nationwide Building Society					
T N Reseigh	01/01/05		P B Feldman		
Northern Rock plc					
D N Bradley			J Hannant		
The Royal Bank of Scotland					
R Bulloch		11/01/05	M E Treanor		
R Bulloch (Re-instated)	08/03/05				
Yorkshire Building Society					
C S G Cole			I J Bullock		

Introduction of the Euro

It is widely acknowledged that European & Economic Monetary Union (EMU) has had, and will continue to have, significant ramifications for business in general and the financial services and retail sectors, particularly if the UK enters EMU. A preliminary assessment of the impact of EMU on LINK's business has been undertaken and, in common with many of its member financial institutions, LINK will need to make changes to certain systems. However, in contrast to many financial institutions, if the UK plans to enter EMU, it is expected that any system changes within LINK will result in relatively modest levels of expenditure. LINK has developed outline project plans so that it is prepared in advance of any decision on UK entry to EMU.

IFRS

The Company is not required to report under International Financial Reporting Standards (IFRS). In preparation for the future convergence of accounting standards a high level impact analysis has been undertaken. Based on this analysis the Directors do not envisage that the adoption of IFRS at this stage would have a material impact on the figures in the financial statements although additional disclosures may be required.

Research and development

The Company is currently undertaking research and development in areas allied to the current activities.

Donations

Charitable contributions of £19,508(2004: £10,573) were made during the year.

Statement of Directors' responsibilities

The Directors are required by UK Company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and group as at the end of the financial year, and of the profit or loss of the group for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2005. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

By order of the board



A.J. Wilson

Company Secretary
20 September 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LINK INTERCHANGE NETWORK LIMITED

We have audited the financial statements on pages 6 to 22. 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 4, 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 Group 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 Group is not disclosed.

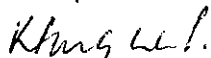
Basis of audit opinion

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 Group'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 and the Group's affairs as at 30 June 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP

Chartered Accountants

Registered Auditors

1 The Embankment

Neville Street

Leeds LS1 4DW

20 September 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Turnover	2	37,441,443	35,023,915
Cost of sales		(15,766,735)	(12,476,113)
Gross profit		21,674,708	22,547,802
Other operating expenses		(9,406,694)	(9,735,856)
Operating profit		12,268,014	12,811,946
Share of operating loss of joint venture		(563,914)	(61,425)
Exceptional Costs	5	(1,280,708)	-
Interest receivable & similar income - Group		497,170	366,808
Interest receivable & similar income - Joint Venture		13,360	-
Interest payable & similar charges		-	-
Profit on ordinary activities before taxation	6	10,933,922	13,117,329
Tax on profit on ordinary activities	7	(3,847,613)	(4,091,916)
Profit for the financial year		7,086,309	9,025,413
Dividends	9		
Ordinary		(6,601,149)	(6,000,777)
Special		-	(2,000,259)
Retained profit for the year		485,160	1,024,377
Retained profits at 1 July		13,107,376	12,082,999
Retained profit for the year		485,160	1,024,377
Retained profits at 30 June		13,592,536	13,107,376

All amounts above relate to continuing operations of the Company.

The Company has not recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year, as stated above, and their historical cost equivalents.

BALANCE SHEETS

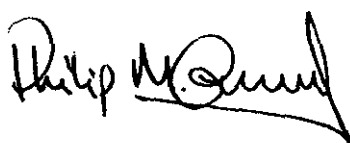
AT 30 JUNE 2005

	Notes	Group 2005 £	2004 £	Company 2005 £	2004 £
Fixed assets					
Tangible assets	10	11,036,791	11,839,777	11,036,791	11,839,777
Investments	11, 12	-	-	1,089,466	1,089,466
Investments in joint ventures:					
Share of gross assets		645,078	657,417	-	-
Share of gross liabilities		(1,105,611)	(708,842)	-	-
		10,576,258	11,788,352	12,126,257	12,929,243
Current assets					
Debtors	13	5,998,134	5,789,145	7,221,085	7,134,502
Cash at bank and in hand		10,722,794	8,749,746	10,448,001	8,458,971
		16,720,928	14,538,891	17,669,086	15,593,473
Creditors: amounts falling due within one year	14	(8,574,718)	(8,097,384)	(8,681,422)	(8,308,914)
Net current assets		8,146,210	6,441,507	8,987,664	7,284,559
Total assets less current liabilities		18,722,468	18,229,859	21,113,921	20,213,802
Creditors: amounts falling due after more than one year	15	-	-	(936,909)	(936,909)
Net assets		18,722,468	18,229,859	20,177,012	19,276,893
Capital and reserves					
Called-up share capital	17	125,568	118,119	125,568	118,119
Share premium account	18	4,754,364	4,754,364	4,754,364	4,754,364
Special reserve	18	250,000	250,000	250,000	250,000
Profit and loss account	18	13,592,536	13,107,376	15,047,080	14,154,410
		18,722,468	18,229,859	20,177,012	19,276,893
Shareholders' funds (equity interest)		18,695,000	18,209,840	20,149,544	19,256,874
Shareholders' funds (non-equity interest)		27,468	20,019	27,468	20,019
Total shareholders' funds (including non-equity interests)		18,722,468	18,229,859	20,177,012	19,276,893

The financial statements on pages 6 to 22 were approved by the board of Directors on 20 September 2005 and were signed on its behalf by:



P E Presland



P M Gerrard

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Net cash inflow from continuing operating activities	20	14,481,176	15,687,858
Returns on investments and servicing of finance			
Interest paid		-	-
Interest received		497,170	366,808
Net cash inflow from returns on investments and servicing of finance		497,170	366,808
Taxation			
UK corporation tax paid		(4,636,819)	(4,184,866)
Capital expenditure			
Payments to acquire tangible fixed assets		(1,728,573)	(2,106,661)
Receipts from sales of tangible fixed assets		103,732	26,253
Net cash outflow from capital expenditure		(1,624,841)	(2,080,408)
Investment in joint venture		(250,000)	(650,000)
Net cash outflow from investments		(250,000)	(650,000)
Net cash inflow before financing		8,466,686	9,139,392
Equity dividends paid		(6,501,087)	(8,001,036)
Cash inflow before management of liquid resources and financing		1,965,599	1,138,356
Issue of ordinary Share Capital		7,449	
Increase in cash in the year		1,973,048	1,138,356
Reconciliation to net cash			
Net cash at start of year		8,749,746	7,611,390
Increase in net cash		1,973,048	1,138,356
Net cash at end of year	21	10,722,794	8,749,746

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 30 June 2005.

The results of subsidiaries and the net assets and trade of companies acquired during the year are included in the consolidated profit and loss account. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary or net assets and trade of a Company, all of the subsidiary's or Company's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and resulting gains and losses, that arise after the group has gained control of the subsidiary or net assets and trade of a Company are charged to the post acquisition profit and loss account.

Research and development

Development expenditure relating to specific projects is carried forward where the ultimate commercial viability has been assessed with reasonable certainty. Where the commercial viability is not reasonably certain, development expenditure is written off as incurred.

Expenditure on pure and applied research is written off as incurred.

Tangible fixed assets

Fixed assets are shown at original historical cost together with any incidental expenses of acquisition. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:

Computers and similar equipment	1½ - 6 years
Motor vehicles	3 years - 25% residual value
Office equipment and furniture	3 - 5 years
Freehold buildings	5 - 50 years
Leasehold buildings	5 years
Freehold land	Not depreciated

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises the value of fees levied in the normal course of business, excluding VAT.

Deferred taxation

Deferred tax is accounted for using the full provision method. Deferred tax assets are only recognised when their recoverability is assessed as being more likely than not.

Pension costs

The Company operates a defined contribution scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charged in the year represents the contributions payable by the Company to the fund.

Employee Share options

The Company operates a cash settled share based payment scheme. Provision is made each year to accrue the expected settlement amount over the life of each option period, with the movement in provision charged to employee costs.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

All turnover and profit before tax is attributable to the provision of transaction management and settlement services to the financial sector.

3. DIRECTORS' EMOLUMENTS

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Aggregate emoluments (including benefits-in-kind)	666,574	486,575
Company pension contributions to money purchase schemes	45,297	29,903
	711,871	516,478

The above emoluments relate to all Directors from the later of 1 July 2004 or date of appointment up to 30 June 2005, as applicable. The emoluments for the year ended 30 June 2004 include two Directors for the twelve month period and two from the date of appointment.

Three Directors exercised E share options during the year. No further E share options were granted during the year.

Retirement benefits are accruing to two Directors under the Company's money purchase pension scheme and one Director under a self-invested personal pension.

Highest Paid Director

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Aggregate emoluments (including benefits-in-kind)	286,717	309,164
Company pension contributions to money purchase schemes	23,585	20,787
	310,302	329,951

4. EMPLOYEE INFORMATION

The monthly average number of persons (including the Executive Directors) employed by the group during the year was:

	Year ended 30 June 2005 Number	Year ended 30 June 2004 Number
Administrative and technical	174	165

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Staff costs (for the above persons):		
Wages and salaries	7,704,663	7,373,325
Social security costs	884,288	722,540
Other pension costs	559,954	476,018
	9,148,905	8,571,883

Wages and salaries includes a charge of £755,208 for the cash-settled share-based payment scheme (2004 £750,000). The pension cost charged represents contributions payable by the Company to the fund.

The company has established an employee share ownership trust which administers 'E' shares relating to the Revenue approved share option scheme which is open to executive directors and employees of the company. At 30 June '05 the Trust holds 568,000 shares carried at £nil (2004 no shares held). These shares are intended to be used as part satisfaction of options in issue.

The cost of this share option scheme is charged through the profit and loss account over the period to vesting and is disclosed in note 4 above.

5. EXCEPTIONAL COSTS

Profit before tax is stated after charging for an exceptional item of £1,280,708 (2004:nil). This relates to the professional and operational costs of a proposed business venture with Transaction Network Services Limited. Following a decision by the Office of Fair Trading to refer the proposed venture to the Competition Commission for investigation the parties involved decided to withdraw.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before tax is stated after charging:

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Depreciation	2,465,185	2,638,569
Auditors' remuneration:		
Audit services, of which the parent Company was £29,900(2004:£29,000)	30,900	30,000
Non-audit services	644,140	773,087
Bank interest receivable	(497,170)	(366,808)
Other interest payable	-	-
Profit on sale of fixed assets	(26,061)	(4,106)
Research & development	72,269	63,349

7. TAXATION

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Analysis of charge in year at 30% (2004– 30%)		
Current tax at 30% (2004 – 30%)	3,884,757	4,356,804
Share of JV tax	1,986	-
Under provision of tax in prior years	14,002	43,571
Total current tax	<u>3,900,745</u>	<u>4,400,375</u>
Deferred tax		
Origination and reversal of timing differences	83,582	(256,774)
Adjustment in respect of prior years	7,013	(51,685)
Share of JV	(143,727)	-
Total deferred tax	<u>(53,132)</u>	<u>(308,459)</u>
Tax on profit on ordinary activities	<u>3,847,613</u>	<u>4,091,916</u>
Factors affecting current tax charge in year		
Profit on ordinary activities before tax	10,933,922	13,117,329
Tax on profit on ordinary activities at UK standard rate of 30% (2004 – 30%)	3,280,177	3,935,199
Effects of:		
Depreciation in excess of capital allowances	(22,159)	31,774
Short term timing differences	(61,423)	225,000
Losses carried forward in JV	143,727	-
Expenses not deductible for tax purposes	553,164	164,832
Consolidation adjustment	-	(1)
JV tax rate difference	(2,022)	-
Deferred tax asset not recognised	(4,721)	-
Under provision of tax in prior years	14,002	43,571
Current tax charge for year	<u>3,900,745</u>	<u>4,400,375</u>

8. PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's profit after taxation for the financial period was £7,493,819 (2004: £8,997,536).

9. DIVIDENDS

		2005		2004
	Amount per share	Total dividend	Amount per share	Total dividend
	£	£	£	£
Interim	45.88	4,500,828	40.78	4,000,518
Final	21.41	2,100,321	20.39	2,000,259
		<u>6,601,149</u>		<u>6,000,777</u>
Special			20.39	2,000,259
Total		<u>6,601,149</u>		<u>8,001,036</u>

10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Computers and similar equipment £	Office equipment and furniture £	Motor vehicles £	Total £
Cost					
At 1 July 2004	8,542,105	12,874,025	3,701,263	561,175	25,678,568
Additions	118,598	1,182,006	207,894	231,372	1,739,870
Disposals	-	(18,804)	(1,057)	(231,648)	(251,509)
At 30 June 2005	8,660,703	14,037,227	3,908,100	560,899	27,166,929
Depreciation					
At 1 July 2004	1,052,732	9,802,061	2,742,379	241,619	13,838,791
Charge for the year	413,833	1,413,612	502,293	135,447	2,465,185
Eliminated in respect of disposals	-	(4,388)	(118)	(169,332)	(173,838)
At 30 June 2005	1,466,565	11,211,285	3,244,554	207,734	16,130,138
Net book value At 30 June 2005	7,194,138	2,825,942	663,546	353,165	11,036,791
At 30 June 2004	7,489,373	3,071,964	958,884	319,556	11,839,777

Company	Leasehold land and buildings £	Computers and similar equipment £	Office equipment and furniture £	Motor vehicles £	Total £
Cost					
At 1 July 2004	8,365,213	12,874,025	3,607,334	561,175	25,407,747
Additions	118,598	1,182,006	207,894	231,372	1,739,870
Disposals	-	(18,804)	(1,057)	(231,648)	(251,509)
At 30 June 2005	8,483,811	14,037,227	3,814,171	560,899	26,896,108
Depreciation					
At 1 July 2004	875,840	9,802,061	2,648,450	241,619	13,567,970
Charge for the year	413,833	1,413,612	502,293	135,447	2,465,185
Eliminated in respect of disposals	-	(4,388)	(118)	(169,332)	(173,838)
At 30 June 2005	1,289,673	11,211,285	3,150,625	207,734	15,859,317
Net book value At 30 June 2005	7,194,138	2,825,942	663,546	353,165	11,036,791
At 30 June 2004	7,489,373	3,071,964	958,884	319,556	11,839,777

11. FIXED ASSET INVESTMENTS

Company

The investment in subsidiary undertakings is summarised below:

	£
Cost and net book value at 1 July 2004 and 30 June 2005	<u>1,079,466</u>

The subsidiary companies, all of which are wholly owned and incorporated in Great Britain, are as follows:

Name of undertaking	Description of Shares Held	Business Activity
LINK Financial Services Limited	100 £1 ordinary shares	Leasing & construction
LINK Retail Services Limited	100 £1 ordinary shares	Office services & development
Catsec 401 Limited	1 £1 ordinary share	Dormant
ATM UK Limited	1 £1 ordinary "A" share	Dormant
ATMOS ATM Management Limited	1 £1 ordinary share	Dormant
Catsec 403 Limited	1 £1 ordinary share	Dormant
Electronic Funds Transfer Limited	3,679,410 £1 ordinary shares	Dormant
Matrix Financial Services Limited *	2 £1 ordinary shares	Dormant
Electronic Funds Transfer (Clearings) Limited	7 £1 ordinary shares	Dormant
Electronic Funds Transfer (Point of Sale) Limited	6 £1 ordinary shares	Dormant
LINK Interchange Network (Trustee) Ltd	2 £1 ordinary shares	Dormant
LINK Group Holdings Ltd	1 £1 ordinary shares	Dormant
AVANTRA Ltd	1 £1 ordinary shares	Dormant

* Shares owned by LINK Financial Services Limited.

12. INVESTMENTS OTHER THAN SUBSIDIARY UNDERTAKINGS

Name of undertaking	Description of Shares Held	Business Activity
Mobile ATM Limited	10,000 £1 ordinary shares	Mobile Initiated Transactions

Mobile ATM Limited is a joint venture between LINK and Morse plc with each holding a 50% share. The aggregate capital and reserves at 30 June 2005 were (£1,203,958), and the loss before tax for the year amounted to (£1,101,108).

13. DEBTORS

	Group		Company	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
	£	£	£	£
Amounts falling due within one year				
Trade debtors	770,502	371,988	773,248	374,735
Amounts owed by subsidiary undertakings	-	-	1,245,092	1,371,167
Loan to joint venture	890,000	640,000	890,000	640,000
Prepayments and accrued income	3,898,663	4,247,889	3,903,664	4,252,890
Deferred tax recoverable (Note 16)	438,969	529,268	409,081	495,710
	5,998,134	5,789,145	7,221,085	7,134,502

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
	£	£	£	£
Trade creditors	441,661	510,714	441,660	423,156
Corporation tax	1,694,267	2,432,326	1,694,138	2,436,163
Other taxation and social security	163,184	93,705	271,099	202,121
Accruals and deferred income	3,630,027	2,310,380	3,628,946	2,497,215
Employee share scheme	545,258	750,000	545,258	750,000
Proposed dividend	2,100,321	2,000,259	2,100,321	2,000,259
	8,574,718	8,097,384	8,681,422	8,308,914

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	£	£	£	£
Amounts due to subsidiary undertakings	-	-	936,909	936,909

16. DEFERRED TAXATION

The amounts recognised as a deferred tax asset in the financial statements of the group and the Company within debtors are as follows:

	Group		Company	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	£	£	£	£
Accelerated capital allowances	(438,969)	(529,268)	(409,081)	(495,710)

Movements in the provision for deferred taxation of the group and the Company have been as follows:

	Group	Company
	£	£
At 1 July 2004	(529,268)	(495,710)
Profit and loss account	90,299	86,629
At 30 June 2005	(438,969)	(409,081)

17. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
999,982 ordinary 'A' shares of £1 each	999,982	999,982
18 non-equity ordinary 'B' shares of £1 each	18	18
4,000,000 'E' ordinary shares of £0.01 each	40,000	40,000
	1,040,000	1,040,000
Allotted, called up and fully paid		
98,100 ordinary 'A' shares of £1 each	98,100	98,100
18 non-equity ordinary 'B' shares of £1 each	18	18
2,744,956 'E' ordinary shares of £0.01 each	27,450	20,001
	125,568	118,119

The rights of the non-equity 'B' shares ("non-equity shares") and 'E' ordinary shares at 30 June 2005 were as follows:

(a) DIVIDENDS

The non-equity shares and 'E' ordinary shares are not entitled to any dividend.

(b) CAPITAL

In the event of a winding up, the non-equity shares have a priority over any payment of any nature to the holders of any other shares. This is limited to the amounts paid up on the non-equity shares.

The 'E' ordinary shares do not carry any entitlement to a distribution or return of assets other than on a reduction of capital or voluntary winding up, equal to an amount of 10% of the value attributable to the equity shares in the Company in excess of £59 million.

(c) VOTING

The holders of the non-equity shares and 'E' ordinary shares have no right to receive notice of any general meetings, to attend such meetings or to vote at such meetings.

18. RESERVES

Group

	Profit and loss account £	Share premium £	Special reserve £
At 1 July 2004	13,107,376	4,754,364	250,000
Retained profit for the year	485,160	-	-
At 30 June 2005	13,592,536	4,754,364	250,000

Company

	Profit and loss account £	Share premium £	Special reserve £
At 1 July 2004	14,154,410	4,754,364	250,000
Retained profit for the year	892,670	-	-
At 30 June 2005	15,047,080	4,754,364	250,000

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	7,086,309	9,025,413
Dividends	(6,601,149)	(8,001,036)
Issue of ordinary Share Capital	7,449	-
Net additions to shareholders' funds	492,609	1,024,377
Shareholders' funds at 1 July	18,229,859	17,205,482
Shareholders' funds at 30 June	18,722,468	18,229,859

20. CASH FLOW FROM OPERATING ACTIVITIES

The reconciliation of operating profit to net cash inflow from operating activities is:

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Operating profit	11,717,460	12,750,521
Depreciation of tangible fixed assets	2,465,185	2,638,569
Exceptional Item	(1,280,708)	-
Profit on sale of tangible fixed assets	(26,060)	(4,106)
(Increase) in operating debtors and prepayments	(49,288)	(258,174)
Increase/(Decrease) in operating creditors and accruals	1,104,033	499,623
Share of loss of associate	550,554	61,425
Net cash inflow from continuing operating activities	14,481,176	15,687,858

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	At 1 July 2004 £	Cash flow £	At 30 June 2005 £
Cash at bank and in hand	8,749,746	1,973,048	10,722,794

22. CAPITAL COMMITMENTS

At 30 June 2005 capital expenditure of £Nil (2004: £Nil) was contracted but not provided for in the accounts of the Company and £Nil (2004: £Nil) in the group.

At 30 June 2005 the Company had no annual commitments under non-cancellable operating leases.

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under the terms of Financial Reporting Standard No. 8 not to disclose related party transactions with group undertakings which have been eliminated on consolidation.

The Group has acted as an agent for Mobile ATM Limited, a joint venture Company, and passed on costs of £102,752 relating to setting up the infrastructure of this Company.

The Company has reimbursed the Chairman £10,000 for the provision, at cost, of third party services for the benefit of the Company.

24. ULTIMATE PARENT UNDERTAKING

The Directors do not consider that the Company has an ultimate parent undertaking. The Company's equity and non-equity shares are held by various financial institutions which are members of the LINK network. At no point in the period did any of the shareholders own sufficient shares in the Company to exercise a controlling interest.

25. CONTINGENT ASSET

VAT has been recovered during prior financial years on the construction of freehold land and buildings and is reflected as such in the accounts. HM C&E have challenged the right to recover this VAT and have raised an assessment for this VAT, which has been paid to them through LINK Retail Services Ltd. The VAT paid to HM C&E has been capitalised as an additional cost to the freehold land and buildings. The Directors believe they are entitled to recover this sum and are appealing this assessment, the result of which is unlikely to be determined for some time.