

TEEGA LIMITED
(Registered No: 3789864)

DIRECTORS' REPORT AND ACCOUNTS
30 JUNE 2000



TEEGA LIMITED DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the ten months ended 30 June 2000. The results are shown in the profit and loss account on page 4.

BUSINESS REVIEW

Teega Limited was incorporated on 10 June 1999. There was no trading until it was acquired by Domestic & General Group PLC on 1 September 1999. The business activities were acquired from Teega Agencies on this date, and comprise the provision of customer fulfilment and call centre services. On 1 July 2000 all business activities were transferred to Domestic & General Services Limited.

DIRECTORS

M R Swinburne	Appointed 10 June 1999	Resigned 10 June 1999 -
J W B Cushing	Appointed 10 June 1999	Resigned 1 September 1999
J Prescott	Appointed 10 June 1999	Resigned 1 February 2000
K Broxton	Appointed 10 June 1999	
T J R Scrivener	Appointed 1 September 1999	
J S Ritchie	Appointed 1 September 1999	
N R Alexander	Appointed 1 September 1999	
K S Wilson	Appointed 1 September 1999	

SECRETARY

J Brown	Appointed 10 June 1999	Resigned 10 June 1999
K Broxton	Appointed 10 June 1999	Resigned 1 September 1999
P Morris	Appointed 1 September 1999	Resigned 28 June 2000
A P White	Appointed 28 June 2000	

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company or any group company are disclosed in the accounts of the ultimate holding company, Domestic & General Group PLC, except for those of K Broxton who held no interest in the share capital of the company or any group company at 30 June 2000.

TEEGA LIMITED
DIRECTORS' REPORT (CONTINUED)

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 of the company for that period. In preparing those financial statements, the directors are required to:

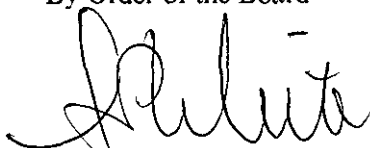
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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.

AUDITORS

A resolution in accordance with Section 384, Companies Act 1985, for the appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A P White
Secretary

29 August 2000

Registered Office

Swan Court
2A Mansel Road
Wimbledon
London SW19 4AA

TEEGA LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 9.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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. 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 judgments 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 June 2000 and its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

29 August 2000

TEEGA LIMITED
 PROFIT AND LOSS ACCOUNT FOR THE TEN MONTHS ENDED 30 JUNE 2000

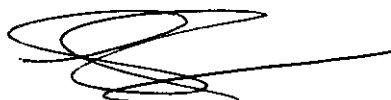
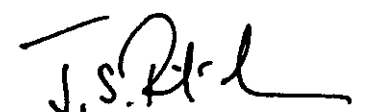
	Note	£
TURNOVER		892,490
Direct costs		<u>(482,521)</u>
GROSS PROFIT		409,969
Administrative expenses		<u>(361,424)</u>
OPERATING PROFIT	2	48,545
Interest payable		(13,104)
Interest receivable		<u>993</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		36,434
Tax on profit on ordinary activities	3	<u>(11,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		25,434
DIVIDENDS		<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u>25,434</u>

The notes on pages 7 to 9 form part of these accounts.

TEEGA LIMITED
BALANCE SHEET AT 30 JUNE 2000

	Note	£	£
INVESTMENTS			
Cash on deposit			29,838
TANGIBLE FIXED ASSETS	4		123,449
CURRENT ASSETS			
Stock		11,629	
Debtors	5	219,302	
Cash in hand		59	
		<u>230,990</u>	
CREDITORS:			
AMOUNTS FALLING DUE WITHIN ONE YEAR	6	<u>(358,842)</u>	
NET CURRENT LIABILITIES			<u>(127,852)</u>
NET ASSETS			<u>25,435</u>
CAPITAL AND RESERVES			
Called up share capital	7		1
Profit and loss account			<u>25,434</u>
			<u>25,435</u>

These accounts were approved by the Board of directors on 29 August 2000.

 T J R SCRIVENER)
)
) Directors
)
 J S RITCHIE)
)

The notes on pages 7 to 9 form part of these accounts.

TEEGA LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE TEN MONTHS ENDED 30 JUNE 2000

Profit for the financial year	£ <u>25,434</u>
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RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AT 30 JUNE 2000

	£
Total recognised gains for the year	25,434
Share capital subscribed in period	<u>1</u>
Closing shareholders funds	<u>25,435</u>

The notes on pages 7 to 9 form part of these accounts

TEEGA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Accounts

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards.

(b) Turnover

Turnover comprises fees earned in respect of services rendered.

(c) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise.

(d) Pension Scheme

The company participates in the defined contribution pension scheme operated by Domestic & General Group PLC in whose accounts full disclosure of the pension arrangements are made.

The costs of providing pensions for employees are charged in the profit and loss account over the average working lives of employees in accordance with the recommendations of qualified actuaries.

(e) Cash Flow Statement

The company has taken advantage of the exemption within Financial Reporting Standard 1 (Revised) not to provide a cash flow statement because it is a wholly owned subsidiary undertaking of Domestic & General Group PLC.

(f) Related party transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) because it is a wholly owned subsidiary undertaking of Domestic & General Group PLC.

(g) Depreciation

Depreciation is provided on all fixed assets at rates estimated to write them off over their estimated useful lives using the straight line method. The principal rates are as follows:

Fixtures, fittings, furniture and equipment	15%
Computer equipment	25%

TEEGA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. PROFIT ON ORDINARY ACTIVITIES

This is arrived at after charging the following:

	£
Directors' remuneration	49,594
Directors' pension costs	4,844
Auditors' remuneration	5,000
Wages and salaries	352,109
Social security costs	20,323
Depreciation	30,584
Finance charges on HP leases	6,895
	<hr/>

The average number of employees during the year was 41.

Two directors received pension benefits.

3. TAXATION

	£
UK Corporation tax based on profits for the year at 30%.	11,000

4. TANGIBLE ASSETS

	Office furniture, equipment and motor vehicles £
Cost:	
Additions	154,033
At 30 June 2000	<hr/> 154,033
Depreciation:	
Charge for the period	30,584
At 30 June 2000	<hr/> 30,584
Net Book Value:	
At 30 June 2000	<hr/> 123,449

5. DEBTORS

	£
Trade debtors	157,969
Due from fellow subsidiary	50,196
Other debtors and prepayments	11,137
	<hr/> 219,302

TEEGA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Corporation tax	11,000
Other tax and social security	20,699
Trade creditors	9,509
Bank overdraft	17,812
Accruals	11,614
Due to parent company	288,208
	<u>358,842</u>

7. CALLED UP SHARE CAPITAL

	£
Allotted, called up and fully paid ordinary shares of £1 each	<u>1</u>
Authorised ordinary shares of £1 each	<u>1,000</u>

8. OPERATING LEASE COMMITMENTS

The commitment during the following year in respect of non-cancellable operating leases on properties is as follows:

	£
Leases which expire after 5 years	<u>38,000</u>

9. ULTIMATE HOLDING COMPANY

The ultimate holding company is Domestic & General Group PLC which is incorporated and registered in England. The Group accounts can be obtained from Swan Court, Mansel Road, London SW19 4AA.