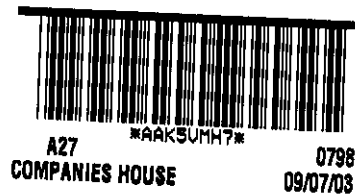


@ Charcol Limited

Directors' Report and Financial Statements.

Registered number: 3795361

31 December 2002



## Directors' Report and Financial Statements

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## **Officers and Professional Advisers**

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### **Directors**

CJ Rodrigues  
RP Thorne  
PC Barrett (appointed 30/08/02)  
TE Strauss (resigned 30 August 2002)

### **Secretary**

A Shankley

### **Registered Office**

PO Box 88  
Croft Road  
Crossflatts  
Bingley  
BD16 2UA

## Directors' Report

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The directors present their annual report and the financial statements for the year ended 31 December 2002.

### Principal activities and business review

The company is dormant.

### Directors and directors' interests

The directors holding office during the year are as listed on page 1.

TE Strauss resigned as Director on 30 August 2002.

PC Barrett was appointed as Director on 30 August 2002.

According to the Register, maintained by the Companies Act 1985, none of the directors have any interest in the share capital of the Company.

CJ Rodrigues and RP Thorne are directors of the ultimate parent company, Bradford & Bingley plc and their interest in the shares of the ultimate parent company are disclosed in the Directors' Report of that company, copies of which can be obtained from Bradford & Bingley plc, PO Box 88, Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA.

The interests of the other directors in the shares of Bradford & Bingley plc are as follows:

	Interest in Shares		Interest in Share Options - Granted	
	31 December 2001 (or date of appointment if later)	31 December 2002	31 December 2001 (or date of appointment if later)	31 December 2002
PC Barrett	-	970	-	281,937

All options granted during the year had an exercise price of 252.67p, 315.58p and 332p per share.

### Proposed dividend.

The directors do not recommend the payment of a dividend.

### Auditors

In accordance with the provisions of Section 249AA of Companies Act 1985, the company, being eligible, has resolved not to appoint an auditor.

By order of the board

  
A Shankley  
Secretary

PO Box 88  
Croft Road  
Crossflatts  
Bingley  
BD16 2UA  
17 February 2003

## Statement of Directors Responsibilities

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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;
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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.

**Profit and Loss Account**  
*For the year ended 31 December 2002*

	Note	2002	2001
		£	£
<b>Turnover</b>	2	-	2,964,008
<b>Operating Costs:</b>		-	(8,770,925)
<b>Operating Loss</b>	3,4		(5,806,917)
Interest payable and similar charges	6	-	(814,703)
<b>Loss on ordinary activities before taxation</b>		-	(6,621,620)
Taxation credit on ordinary activities	7	-	1,883,093
<b>Loss for the financial year</b>		-	(4,738,527)

There are no recognised gains or losses other than those in the profit and loss account.

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

All items dealt with in arriving at loss on ordinary activities before taxation relate to continuing activities.

As disclosed in the Director's Report, the Company acted as undisclosed agent of Charcol Ltd throughout the year to 31 December 2002. During the period the Company received no income and incurred no expenditure in its own right. Consequently, during the year the Company made neither a profit nor a loss.

The accompanying notes are an integral part of the financial statements.

**Balance sheet**  
*At 31 December 2002*

	Note	2002 £	2001 £
<b>Current assets</b>			
Debtors	8	1,001	1,001
<b>Net assets</b>		<u>1,001</u>	<u>1,001</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	(14,056,716)	(14,056,716)
Capital contribution reserve	10	<u>14,056,717</u>	<u>14,056,717</u>
<b>Equity Shareholders' funds</b>		<u>1,001</u>	<u>1,001</u>

The accompanying notes are an integral part of the financial statements.

During the above financial year, the company was entitled to exemption under section 249AA(1) of the Companies Act 1985, there having been no significant accounting transactions of the company required to be entered in its accounting records and accordingly no profit and loss account has been prepared.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

- a) Ensuring the company keeps accounting records with comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as is applicable to the company.

These financial statements were approved by the board of directors on the 17 February 2003 and were signed on its behalf by:



**RP Thorne**  
*Director.*

## Notes to the Financial Statements

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### 1. Accounting policies

#### Fundamental accounting concept

The accounts are prepared on a going concern basis because the parent company has agreed that it will continue to provide financial support to the Company at least for the next twelve months and thereafter for the foreseeable future to enable it to continue to trade.

#### Accounting convention

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

#### Depreciation

Depreciation is calculated on a straight line basis at rates estimated to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Leasehold improvements	- over the life of the lease
Office fittings, furniture and equipment	- 10% and 25%
Computer equipment and software development	- 33 1/3% and 50%
Motor vehicles	- 25% and 33 1/3%

The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 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. Full provision is made for deferred taxation in accordance with FRS 19 'Deferred Tax'.

#### Commission income

Commissions are recognised in income net of estimated future clawbacks. Provision for estimated future commission clawbacks is calculated based on industry experience and the actual rate of clawback in the financial year.

#### Pensions

The company does not operate its own pension scheme but contributions paid into employees' personal pension schemes are expensed as paid.

#### Related party transactions

The company has taken advantage of the exemption in paragraph 3 (c) of FRS 8 from disclosing transactions with related parties that are part of the John Charcol Holdings group or investees of the group.

#### Cash flow statement

The company has taken advantage of the exemption, in paragraph 5 (a) of FRS 1 (Revised) from disclosing a cashflow statement in the company's accounts.



## Notes to the Financial Statements

### 2. Turnover

Turnover arises wholly in the UK from the company's principal activity and comprises insurance commission and fee income receivable exclusive of VAT.

### 3. Operating loss

This is stated after charging:

	2002 £	2001 £
Depreciation of owned fixed assets	<u>-</u>	<u>963,978</u>

### 4. Directors emoluments

	2002 £	2001 £
Remuneration for management services (highest paid director)	<u>-</u>	<u>591,898</u>
Contributions to personal pension scheme	<u>-</u>	<u>13,536</u>

### 5. Staff costs.

	2002 £	2001 £
Wages and salaries (including directors' remuneration)	-	4,278,014
Social security costs	-	348,420
Pension costs	-	159,846
	<u>-</u>	<u>4,786,280</u>

The average weekly number of employees during the year, was as follows:

	2002 Number	2001 Number
Management	-	12
Sales and administration	<u>-</u>	<u>80</u>
	<u>-</u>	<u>92</u>

### 6. Interest payable and similar charges.

	2002 £	2001 £
Parent undertakings	<u>-</u>	<u>814,703</u>

## Notes to the Financial Statements

### 7. Taxation.

	2002 £	2001 £
Group relief credit	<u>-</u>	<u>1,883,093</u>

### 8. Debtors.

	2002 £	2001 £
Amounts owed by parent company	<u>1,001</u>	<u>1,001</u>

### 9. Share capital

	2002 £	2001 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 10. Reconciliation of shareholders' funds and movements on reserves

	Share Capital £	Capital contribution reserve	Profit and loss account £	Total £
At 1 January 2002	1,000	14,506,717	(14,056,716)	1001
<b>At 31 December 2002</b>	<u>1,000</u>	<u>14,506,717</u>	<u>(14,056,716)</u>	<u>1001</u>

The capital contribution reserve is a distributable reserve.

### 11. Other financial commitments

At 31 December 2002 the company had no annual commitments.

## Notes to the Financial Statements

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### 12. Ultimate parent company

The immediate parent undertaking of @Charcol Limited is John Charcol Holdings Limited, a company incorporated and registered in England and Wales. The undertaking regarded by the directors, as the ultimate parent undertaking is Bradford & Bingley plc.

The consolidated financial statements of Bradford & Bingley plc, within which the company is included, can be obtained from Bradford & Bingley plc, PO Box 88, Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA.