

@ Charcol Limited
(formerly Precis (1770) Limited)
Report and Accounts

31 December 1999



@ Charcol Limited

Registered No. 3795361

DIRECTORS

TE Strauss
P V Rawlinson
KR Scott

SECRETARY

P V Rawlinson

AUDITORS

KPMG Audit Plc

London EC4Y 8BB

REGISTERED OFFICE

Lintas House
15-19 New Fetter Lane
London
EC4A 1AP

DIRECTORS' REPORT

The directors submit their report and accounts for the period ended 31st December 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The Company was incorporated on 24th June 1999 as Precis (1770) Limited and changed its name to @ Charcol Limited on 21st October 1999. The company commenced trading on 13th November 1999. The principal activities of the company are to provide financial services, including the arrangement of mortgages and insurance.

RESULTS AND DIVIDENDS

The loss for the period amounted to £1,675,941. No dividends were paid or proposed during the period leaving a loss retained for the period of £1,675,941.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the year end are as listed on page 1. Directors who have been appointed or who have resigned during the year were as follows:

DJ Penfold (appointed 24th June 1999, resigned 7th September 1999)
CA Wilson (appointed 24th June 1999, resigned 28th September 1999)
KL Cosgrove (appointed 7th September 1999, resigned 28th September 1999)
PV Rawlinson (appointed 28th September 1999)
C Matthews (appointed 28th September 1999, resigned 23rd November 1999)
KR Scott (appointed 28th September 1999)

KR Scott resigned as a director of the company on 11th April 2000.

CJ Rodrigues, DH Woodcock, JP Whitaker and RP Thorne were all appointed as directors of the company on 16th February 2000.

KR Scott, C Matthews and TE Strauss have also served as directors of the ultimate parent company, John Charcol Holdings Limited (formerly Mortgage Group Holdings Limited), during the year and their interests in shares of the ultimate parent company are disclosed in the directors' report of that company.

PV Rawlinson has also served as director of a fellow subsidiary, John Charcol Limited, during the year and his interests in shares of the ultimate parent company are disclosed in the directors' report of that company.

No other directors had any interests in the shares of the ultimate holding company.

No director had any interests in the shares of the company.

AUDITORS

A resolution to appoint KPMG Audit Plc as auditors will be put to the members at the Annual General Meeting.

By order of the board

T E Strauss
Director

15th August 2000



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 as at the end of the financial year and of the profit or loss of the company for that financial year. 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 accounts; 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 maintaining 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.

AUDITOR'S REPORT TO THE MEMBERS OF @ CHARCOL LIMITED

We have audited the financial statements on pages 5 to 12.

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. 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 from 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 31 December 1999 and of its loss 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

15th August 2000

@ Charcol Limited

PROFIT AND LOSS ACCOUNT for the four months to 31 December 1999

		Six months to 31 December 1999 £
TURNOVER	Notes	
	2	15,730
Operating costs		(1,685,738)
OPERATING LOSS	3	(1,670,008)
Interest Payable and similar charges	6	(5,933)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,675,941)
Taxation	7	-
LOSS FOR THE FINANCIAL PERIOD	14	(1,675,941)

There are no recognised gains or losses other than those included 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.

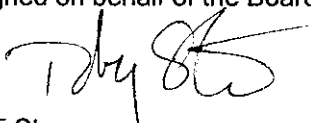
The accompanying notes are an integral part of the accounts.

@ Charcol Limited

BALANCE SHEET
at 31 December 1999

	Notes	1999 £
FIXED ASSETS		
Intangible assets	8	9,388
Tangible assets	9	<u>553,176</u>
		562,564
CURRENT ASSETS		
Debtors	10	61,178
Cash at bank and in hand		<u>-</u>
		<u>61,178</u>
CREDITORS: amounts falling due within one year	11	(1,479,822)
		<u>(1,418,644)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(856,080)
CREDITORS: amount falling due after more than one year	12	818,861
NET LIABILITIES		<u>(1,674,941)</u>
CAPITAL AND RESERVES		
Called up share capital	13	1,000
Profit and loss account	14	(1,675,941)
		<u>(1,674,941)</u>

Signed on behalf of the Board



T E Strauss

15th August 2000

)
) Director

The accompanying notes are an integral part of the accounts

NOTES TO THE ACCOUNTS
at 31 December 1999

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 accounts 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	- 15%
Computer equipment & 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.

Intangible Assets

Intangible assets are measured at cost and are amortised over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstance indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is provided on all timing differences between the accounting and taxation treatments of income and expenditure using the liability method. Deferred tax assets are recognised when recovery is anticipated in the near future without being replaced by equivalent assets. The liability is calculated at the rate at which it is estimated that taxation will be payable.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

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 exemptions in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the John Charcol Holdings Limited group or investees of the group.

Cashflow 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 ACCOUNTS
at 31 December 1999

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:

**Six months
to 31 December
1999
£**

Auditor's remuneration -
Depreciation of owned fixed assets 40,562
Operating lease rentals - land and buildings 27,261

4 DIRECTORS EMOLUMENTS

**Six months
to 31 December
1999
£**

Remuneration for management services 36,075

5 STAFF COSTS

**Six months
to 31 December
1999
£**

Wages and salaries (including director's remuneration) 213,815
Social security costs 23,298
Pension costs 2,463

239,576

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

**Six months
to 31 December
1999
No.**

Management 4
Sales and Administration 8

12

6 INTEREST PAYABLE AND SIMILAR CHARGES

**Six months
to 31 December
1999
£**

Interest charged by holding company 5,933

5,933

NOTES TO THE ACCOUNTS
at 31 December 1999

7 TAXATION

Six months
to 31 December
1999
£

Based on the loss for the period:

-

8 INTANGIBLE FIXED ASSETS

Development Costs
£

Cost:

Additions

10,310

At 31 December 1999

10,310

Amortisation:

Charge for the period

922

At 31 December 1999

922

Net book value at 31 December 1999

9,388

9 TANGIBLE FIXED ASSETS

	Leasehold improvements	Equipment furniture and fittings	Total
	£	£	£

Cost:

Additions

97,399

496,339

593,738

At 31 December 1999

97,399

496,339

593,738

Depreciation:

Charge for the period

3,906

36,656

40,562

At 31 December 1999

3,906

36,656

40,562

Net book amount:

At 31 December 1999

93,493

459,683

553,176

10 DEBTORS

1999
£

Trade debtors

12,801

Prepayments

48,377

61,178

@ Charcol Limited

NOTES TO THE ACCOUNTS at 31 December 1999

11 CREDITORS: amounts due within one year **1999**
£

Bank overdraft	19,094
Other creditors	787,597
Other taxes and social security costs	21,564
Accruals	651,567
	<u>1,479,822</u>

12 CREDITORS: amount falling due after more than one year

	1999
	£
Amount owed to parent	<u>818,861</u>

13 SHARE CAPITAL

	Authorised	
	1999	1999
	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	Allotted, called up and fully paid	
	1999	1999
	No.	£
Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>

During the period, 1,000 ordinary shares of £1 each, with an aggregate nominal value of £1000 were issued fully paid for cash of £1,000

NOTES TO THE ACCOUNTS
at 31 December 1999

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit and loss account	Total
	£	£	£
At 24 June 1999	-	-	-
Loss for the period	-	(1,675,941)	(1,675,941)
Shares issued	1,000	-	1,000
	<u>1,000</u>	<u>(1,675,941)</u>	<u>(1,674,941)</u>

15 OTHER FINANCIAL COMMITMENTS

At 31 December 1999 the company had annual commitments under non-cancellable leases as set out below;

	Land and Buildings 1999 £
Operating leases which expire: in two to five years	<u>63,291</u>

16 ULTIMATE PARENT COMPANY

During the year, the company's ultimate parent undertaking was John Charcol Holdings Limited, which is the largest and smallest group in which the results of the company for the year ended 31 December 1999 are consolidated.

The consolidated accounts of John Charcol Holdings Limited can be obtained from Companies House.

On 16 February 2000, Bradford & Bingley Investments acquired control of John Charcol Holdings Limited.