

Annual Report and Accounts

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Abacus Group Services UK Limited

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Corporate Information

Directors

Huw M Bolle-Jones ~ Managing Director
Stuart Hill
Andrew Sugden
Christine J Whitfield
Rafe Woolf

Secretary

Abacus Secretaries (Jersey) Limited

Registered Office

La Motte Chambers
St Helier
Jersey JE1 1BJ

Bankers

Barclays Bank plc
Library Place
St Helier
Jersey JE4 8NE

Auditors

Ernst & Young LLP
28 Halkett Street
St Helier
Jersey JE1 1EY

Directors' Report

The directors present their annual report and audited accounts for the year ended 30 June 2002.

Incorporation

The company was incorporated in Jersey, Channel Islands on 25 July 2000.

Directors' responsibilities for the accounts

Directors are required by the Companies (Jersey) Law 1991 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. In preparing these accounts the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 (Jersey) Law 1991. 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.

Principal activities

The profit and loss account for the year is set out on page 6. The principal activities of the company are those of a provider of managerial and other business services and an investment holding company.

Results and dividends

The profit for the year, after taxation amounted to £73,571. (2001: £11,768)

The directors recommend a final ordinary dividend of £36,785.50 per share, amounting to £73,571.

The final dividend, if approved, will be paid on 30 September 2002 to ordinary shareholders whose names were on the register on 30 June 2002.

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Directors' Report (continued)

Directors

All of the directors, as detailed on page 2, were directors of the company, for the whole of the year ended 30 June 2002, except for John Barney who resigned as a director with effect from 13 August 2002.

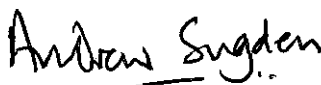
Secretary

John Barney resigned as Company Secretary on 5 November 2001. Abacus Secretaries (Jersey) Limited was appointed as Company Secretary, with effect from 5 November 2001.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



Secretary

La Motte Chambers
St Helier
Jersey JE1 1BJ

Independent Auditors' Report to the members of Abacus Group Services UK Limited

We have audited the company's accounts for the year ended 30 June 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 20. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of the accounts in accordance with applicable Jersey law.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts, which have been prepared in accordance with United Kingdom accounting standards, give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Ernst & Young LLP

Jersey, Channel Islands
6 September 2002

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Profit and Loss Account For the year ended 30 June 2002

	Note	2002 £	2001 £
Fees and other income receivable	2	1,178,601	380,305
Staff costs and similar charges	3	(272,014)	(95,104)
Gross profit		906,587	285,201
Management charge	4	(220,000)	(9,071)
Other expenditure		(572,357)	(263,442)
Operating profit		114,230	12,688
Investment income	5	-	7
Profit on ordinary activities before interest		114,230	12,695
Interest payable and similar charges	6	(4,085)	(927)
Profit on ordinary activities before taxation	7	110,145	11,768
Taxation on ordinary activities		(36,574)	-
Profit on ordinary activities after taxation		73,571	11,768
Dividends	8	(73,571)	(11,768)
Retained profit for the year/period		-	

Continuing operations: all the items dealt with in arriving at the operating profit for 2002 relate to continuing operations.

The company has no 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 for the period stated above, and its historical cost equivalents.

The Notes on pages 8 to 13 form part of the Accounts

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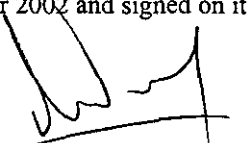
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Balance Sheet as at 30 June 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	9		42,443		22,912
Current assets					
Debtors	10	883,374		447,683	
Cash in bank and in hand		-		10,054	
		<u>883,374</u>		<u>457,737</u>	
Creditors: amounts falling due within one year	11	<u>883,795</u>		<u>461,522</u>	
Net current liabilities			(421)		(3,785)
Total assets less current liabilities			<u>42,022</u>		<u>19,127</u>
Creditors: amounts falling due after one year	12		(42,020)		(19,125)
			<u>2</u>		<u>2</u>
Capital and reserves					
Called-up share capital	13		2		2
Shareholders' funds	14		<u>2</u>		<u>2</u>

Approved by the Board on 6th September 2002 and signed on its behalf by:


Director


Director

The Notes on pages 8 to 13 form part of the Accounts

Notes to the Accounts
For the year ended 30 June 2002

1. Accounting policies

The accounts have been prepared under the historical cost convention in accordance with accounting principles generally accepted in the Island of Jersey, incorporating United Kingdom accounting standards.

Tangible fixed assets

Fixed assets held under finance leases are stated at the present value of the minimum lease payments due at the inception of the lease, or at fair value where this is considered a sufficiently close approximation to present value. Other tangible fixed assets are stated at their purchase price, including any incidental expenses of acquisition.

Depreciation is calculated to write down the cost of tangible fixed assets over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Computer equipment	33 1/3 Straight line

Finance and operating leases

Finance leases are recorded in the balance sheet as an asset and as an obligation to pay future rentals. Rents payable in respect of finance leases are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable. Rents payable under operating leases are charged on a straight line basis over the lease term.

Fees receivable and staff costs

Fees are recorded as income when rendered with no provision being made for fees received in advance. Full provision is made in staff costs for changes in the value of work in progress.

Pension costs

The company operates a number of defined cost pension schemes funded for the benefit of certain qualifying employees. Contributions to the Money Purchase Plan schemes are charged to the profit and loss account when they become payable.

Cash flow statement

A cash flow statement has not been prepared on the basis that the company is a wholly owned subsidiary and cash flow statements are prepared for the group.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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Notes to the Accounts For the year ended 30 June 2002 (Continued)

1. Principal accounting policies (continued)

Foreign currency translation

Assets, liabilities, revenues and costs arising from transactions denominated in foreign currencies are translated into sterling at the exchange rate in operation on the date when the transaction occurred.

At each balance sheet date monetary asset and liabilities denominated in a foreign currency are translated to sterling at the closing rate.

2. Fees and other income receivable

Fees and other income relate entirely to services provided in the United Kingdom.

3. Staff costs	2002 £	2001 £
Wages and salaries	209,632	85,220
Social security costs	29,592	3,926
Pension costs (note 16)	18,930	5,863
Other benefits	13,860	95
	<u>272,014</u>	<u>95,104</u>

The average number of employees during the year was 2.

4. Management charge	2002 £	2001 £
Abacus Group Services Limited	220,000	9,071

The management charge is paid to a fellow subsidiary, Abacus Group Services Limited, a company incorporated in Jersey, Channel Islands.

5. Investment income	2002 £	2001 £
Bank and other interest	-	7

6. Interest payable and similar charges	2002 £	2001 £
Finance leases	3,731	927
Bank interest and other charges	354	-
	<u>4,085</u>	<u>927</u>

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Notes to the Accounts For the year ended 30 June 2002 (Continued)

7. Profit on ordinary activities before taxation	2002	2001
	£	£

Profit on ordinary activities before taxation
is stated after charging:

Depreciation charge for the year

Tangible owned fixed assets	8,248	2,083
Tangible fixed assets held under finance lease	2,330	-
Property rentals – operating leases	251,415	184,076
Audit fees	1,000	1,000

8. Dividends	2002	2001
	£	£
Interim accrued	-	-
Final proposed	77,101	11,768
	<u>77,101</u>	<u>11,768</u>

9. Tangible fixed assets

	Office furniture £	Office equipment £	Computer equipment £	Total £
Cost				
1 Jul 2001	-	-	24,995	24,995
Additions	300	4,823	24,986	30,109
30 Jun 2002	<u>300</u>	<u>4,823</u>	<u>49,981</u>	<u>55,104</u>
Depreciation				
1 Jul 2001	-	-	2,083	2,083
Charge	7	241	10,330	10,578
30 Jun 2002	<u>7</u>	<u>241</u>	<u>12,413</u>	<u>12,661</u>
Net book value				
30 Jun 2002	<u>293</u>	<u>4,582</u>	<u>37,568</u>	<u>42,443</u>
30 Jun 2001	<u>-</u>	<u>-</u>	<u>22,912</u>	<u>22,912</u>

Included in Net Book Value of tangible fixed assets are the following in respect of assets held under finance leases.

	Office furniture £	Office equipment £	Computer equipment £	Total £
30 Jun 2002	<u>-</u>	<u>-</u>	<u>14,664</u>	<u>14,664</u>
30 Jun 2001	<u>-</u>	<u>-</u>	<u>22,912</u>	<u>22,912</u>

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Notes to the Accounts For the year ended 30 June 2002 (Continued)

10. Debtors	2002 £	2001 £
Assets in the course of development	-	215
Other debtors	33,941	49,177
Amounts owed by group undertakings	826,717	381,000
Prepayments and accrued income	22,716	17,291
	<u>883,374</u>	<u>447,683</u>

11. Creditors: amounts falling due within one year	2002 £	2001 £
Net obligations under finance leases ¹	10,149	8,492
Bank overdraft	33,899	-
Trade creditors	326	-
Amounts owed to group undertakings	800,063	452,030
Other creditors	10,628	-
Accruals and deferred income	25,200	1,000
Taxation	3,530	-
	<u>883,795</u>	<u>461,522</u>

12. Creditors: amounts falling due after one year	2002 £	2001 £
Net obligations under finance leases ¹	8,976	19,125
Taxation	33,044	-
	<u>42,020</u>	<u>19,125</u>

¹ Finance leases

The future lease payments to which the company is committed under finance leases and hire purchase contracts are as follows:

	2002 £	2001 £
Within one year	10,149	8,492
Between two and five years	8,976	19,125
	<u>19,125</u>	<u>27,617</u>

13. Called-up share capital	2002 £	2001 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Issued		
2 ordinary shares of £1 each	2	2

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Notes to the Accounts For the year ended 30 June 2002 (Continued)

14. Movement on shareholders' funds

	Share capital £	Profit and loss account £	Share- holders' funds £
At 1 July 2001	2	-	2
Retained profit for the year	-	-	-
At 30 June 2002	2	-	2

15. Financial commitments

At the year end the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:-

	2002 £	2001 £
Expiry within one year	251,415	211,164

16. Pensions

The company operates a number of defined cost pension schemes funded for the benefit of qualifying employees. Contributions paid by the group in respect of these schemes were £18,930 during the year (2001: £5,863).

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Notes to the Accounts **For the year ended 30 June 2002 (Continued)**

17. Contingent liabilities

The company is party to a shared bank account facility. The facility, which is shared by group undertakings, totalled £1,485,542 at the balance sheet date.

18. Bank facilities

Under an agreement dated 26 June 2002 between Abacus Financial Services Group Limited ("AFSGL") and Barclays Bank PLC, Barclays Bank PLC made available a working capital overdraft facility of £2 million. Under the terms of the agreement AFSGL pays interest at 1% above the Barclays Bank Base Rate on the drawn portion of the facility and is secured against a cross guarantee network with various subsidiary companies.

Under an agreement dated 26 June 2002 between AFSGL and Barclays Bank PLC, Barclays Bank PLC made available a working capital credit facility of £5 million. Under the terms of the agreement AFSGL pays interest at 1.75% above the Barclays Bank Base Rate on the drawn portion of the facility and is secured against a cross guarantee network with various subsidiary companies. The Company also pays a Non-Utilisation fee of 0.25% on the non-utilised portion of the facility.

As at 30 June 2002 none of the above facilities had been drawn down.

19. Related party transactions

The company is exempt from disclosing related party transactions with group companies, as it is itself a wholly owned subsidiary of a company that prepares consolidated accounts.

20. Immediate and ultimate holding company

The directors regard Abacus Financial Services Group Limited, a company incorporated and registered in Jersey, Channel Islands, as the immediate and ultimate holding company.