

**AMG Services Limited**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

For the nine month period ended 31 December 2007

(Registered Number 3330433)

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# AMG Services Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the nine month period ended 31 December 2007

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company has not traded during the period or subsequent to the period end

AMG Services Limited is a private limited company registered in England and Wales, registered number 3330433

### BUSINESS REVIEW

The company has not traded in the period

### DIVIDENDS

During the period an interim dividend of £69,659 was paid (31 March 2007 £nil) The directors do not propose the payment of a final dividend (31 March 2007 £nil)

### DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the period were

R Shipperley  
D Livesey  
A Gill  
A Chambers  
S Matthews  
M Beer

None of the directors had any interests in the shares of the company

A Chambers and S Matthews are also directors of the immediate parent company, The Asset Management Group Limited and their interests in that company's financial statements are disclosed in the financial statements of that company

RS Shipperley, DC Livesey and AS Gill are also directors of a parent undertaking, Connells Limited, and their interests in the shares of the other group companies are not required to be recorded in the register maintained by this company

### CREDITOR PAYMENT POLICY

The company's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make the payment in accordance with agreed terms and any other legal obligations

At 31 December 2007 creditor days were nil days (31 March 2007 11 days)

### CHARITABLE AND POLITICAL DONATIONS

During the period the company made donations to charities totalling £nil (31 March 2007 £nil) No contributions were made for political purposes

### EMPLOYEES

It is company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the company This policy is to ensure opportunities are available at every level to improve employees' and corporate performance Regular meetings are held which involve directors, managers and staff

### DISABLED PERSONS

The company continues to recognise its social and statutory duty to employ disabled persons and will do all that is practicable to meet this responsibility

Full consideration will be given to the recruitment of disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job

If an employee becomes disabled he or she will continue wherever possible to be employed in the same job If this action is not practicable or possible, then every effort will be made to find a suitable alternative employment

# AMG Services Limited

## Directors' Report

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### AUDITORS

A resolution to re-appoint KPMG Audit Plc as auditors of the company will be proposed at the next Annual General Meeting

By order of the board



A Chambers  
Director

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13 – 21 High Street  
Guildford  
Surrey  
GU1 3DG

## AMG Services Limited

### **Statement of director's responsibilities in respect of the director's report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position of the company and the performance for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the 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 they have been prepared in accordance with IFRSs as adopted by the EU, 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMG SERVICES LIMITED

We have audited the financial statements of AMG Services Limited for the period ended 31 December 2007 which comprise the Income Statement, Balance Sheet, Cash Flow Statement and Related Notes. These financial statements have been prepared under the accounting policies set out therein.

Their 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 auditors 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' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

## BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

*14 October, 2008*

# AMG Services Limited

## Income Statement

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2007

	Notes	9 month period ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Revenue	1	-	76
Cost of Sales		-	(51)
<b>Gross profit</b>		<u>-</u>	<u>25</u>
Distribution costs		-	-
Administrative expenses	2	-	(2)
<b>Profit from operations</b>		<u>-</u>	<u>23</u>
Financial income	3	1	1
Financial costs		-	-
<b>Profit before tax</b>		<u>1</u>	<u>24</u>
Taxation	5	-	(7)
<b>Profit for the period</b>		<u>1</u>	<u>17</u>
<b>Attributable to</b>			
Equity holders of the parent		<u>1</u>	<u>17</u>
		<u>1</u>	<u>17</u>

In both the current and preceding period all of the company's results relate to discontinued operations

There were no recognised income and expense items in the current period (31 March 2007 £nil) other than those reflected in the above Income Statement

The income statement is prepared on an unmodified historical cost basis

The notes on pages 9 to 15 form part of these financial statements

# AMG Services Limited

## Balance Sheet

AS AT 31 DECEMBER 2007

	Notes	£'000	31 December 2007 £'000	£'000	31 March 2007 £'000
<b>Current assets</b>					
Stocks		-	-	-	-
Trade and other receivables	7	-	-	18	-
Tax receivable		-	-	-	-
Cash and cash equivalents		-	-	69	-
<b>Total current assets</b>			-		87
<b>Non-current assets</b>					
Deferred tax asset		-	-	-	-
<b>Total non-current assets</b>			-		-
<b>Total assets</b>			-		87
<b>Current liabilities</b>					
Trade and other payables	8	-	-	11	-
Tax payable		-	-	7	-
<b>Total current liabilities</b>					18
<b>Non-current liabilities</b>					
Deferred tax liabilities		-	-	-	-
<b>Total non-current liabilities</b>			-		-
<b>Total liabilities</b>			-		18
<b>Equity</b>					
Share capital	9	-	-	-	-
Share premium	10	-	-	-	-
Reserves					
Retained earnings	10	-	-	69	-
<b>Total equity and liabilities</b>			-		87

These accounts were approved by the board of directors on 9<sup>th</sup> October 2008 and signed on its behalf by



S Matthews  
Director



A Chambers  
Director

The notes on pages 9 to 15 form part of these accounts

# AMG Services Limited

## Cash Flow Statement

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2007

	Notes	9 month period ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
<b>Cash flows from operating activities</b>			
Profit for the period		1	17
Adjustments for			
Financial income		(1)	(1)
Tax expense		-	7
<b>Operating profit before changes in working capital and provisions</b>		-	23
Decrease/(increase) in trade receivables		18	(4)
(Increase)/decrease in prepayments		-	-
(Decrease)/increase in trade payables		(11)	3
<b>Cash generated from operations</b>		7	22
Income taxes paid		(7)	(4)
<b>Net cash from operating activities</b>		-	18
<b>Cash flows from investing activities</b>			
Interest received		1	1
<b>Net cash from investing activities</b>		1	1
<b>Cash flows from financing activities</b>			
Dividends paid		(70)	-
<b>Net cash from financing activities</b>		(70)	-
<b>Net increase in cash and cash equivalents</b>		(69)	19
<b>Cash and cash equivalents at 1 April</b>		69	50
<b>Cash and cash equivalents at 31 December/ 31 March</b>		-	69



# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts

#### a) Basis of accounting

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and those parts of the Companies Act 1985 applicable to Companies reporting under IFRS

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the EU and effective at 31 December 2007

The Directors have adopted IAS 1 *Presentation of Financial Statements - Capital Disclosure* and IFRS 7 *Financial Instruments Disclosure*. The Directors have not adopted IAS 1 *Presentation of Financial Statements (2007)* or IFRS 8, *Operating Segments*, which although endorsed by the EU, are currently not mandatory

#### Transition to adopted IFRSs

The company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 13

#### b) Revenue recognition

Revenue, which excludes value added tax, represents total commissions receivable by the company. Commissions earned are accounted for on completion of each instruction. Interest income is recognised on an received basis

#### c) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses

#### d) Operating leases

Costs of operating leases are charged to the Income Statement on a straight-line basis over the lease term

#### e) Finance leases

Where the company enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as property, plant and equipment and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within current liabilities. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the income statement on a straight line basis, and the capital element reduces the outstanding obligation for future rentals

#### f) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Income Statement except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity

Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### g) Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less

The cash flow statement has been prepared using the indirect method

# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Expenses and auditors' remuneration

	9 month period ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Included in the profit are the following		
Auditors' remuneration and expenses	-	2
Audit of these financial statements	-	-

### 3 Financial income

	9 month period ended 31 December 2007 £000	Year ended 31 March 2007 £000
Bank interest	1	1
	<u>1</u>	<u>1</u>

### 4 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the period was as follows

	9 month period ended 31 December 2007 Number	Year ended 31 March 2007 Number
Directors	-	-
Other	-	-
	<u>-</u>	<u>-</u>

The aggregate payroll costs of these persons was as follows

	£'000	£'000
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	<u>-</u>	<u>-</u>

	9 month period ended 31 December £'000	Year ended 31 March 2007 £'000
<b>Directors Emoluments</b>		
Remuneration as directors	-	-
	<u>-</u>	<u>-</u>

All of the directors are not remunerated from this Company, and are paid via another group company

# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Tax expense

A reconciliation of current tax on profit at the standard UK corporation tax rate to the actual current tax expense is as follows

	9 month period ended 31 December £'000	Year ended 31 March 2007 £'000
<b>a) Analysis of (income)/expense in the year at 30%</b>		
<b>Current tax expense</b>		
Current tax at 30%	-	7
Adjustment for prior years	-	-
Total current tax	-	7
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
<b>Income tax expense</b>	-	7

### b) Factors affecting current tax (income)/expense in the period

The charge for the period can be reconciled to the loss per the income statement as follows

Profit before tax	1	23
Tax on loss at UK standard rate of 30% (31 March 2007 30%)	-	7
Effects of		
• Origination and reversal of temporary differences	-	-
• Expenses not deductible for tax purposes	-	-
• Differences between capital allowances and depreciation	-	-
• Utilisation of tax losses	-	-
• Adjustment to tax expense/(income) in respect of prior periods	-	-
<b>Income tax charge</b>	-	7

### 6 Dividends

	31 December 2007 £'000	31 March 2007 £'000
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the year ended 31 December 2007 of £35,000 (31 March 2007 £nil) per share	70	-
Final dividend for the year ended 31 December 2007 of £nil (31 March 2007 £nil) per share	-	-
	70	-

# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Trade and other receivables

	9 month period ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Trade debtors	-	18
Other debtors	-	-
Prepayments and accrued income	-	-
	<u>-</u>	<u>18</u>

The ageing of trade debtors at the reporting date was

	9 month period ended 31 December 2007 £000 Gross	9 month period ended 31 December 2007 £000 Impairment	Year ended 31 March 2007 £'000 Gross	Year ended 31 March 2007 £'000 Impairment
Not past due	-	-	16	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 120 days	-	-	1	-
Past due 120 days plus	-	-	1	-
	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>

### 8 Trade and other payables

	31 December 2007 £'000	31 March 2007 £'000
Trade creditors	-	2
Other creditors	-	-
Amounts owed to group undertakings	-	-
Other taxes and social security costs	-	9
Accruals and deferred income	-	-
	<u>-</u>	<u>11</u>

### 9 Share Capital

	31 December 2007 Number	31 March 2006 Number
<b>Authorised</b>		
£1 Ordinary shares	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>	£	£
£1 Ordinary shares	2	2
	<u>2</u>	<u>2</u>

# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Reconciliation of movement in capital and reserves

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 April 2007	-	-	69	69
Profit for the period	-	-	1	1
Dividend	-	-	(70)	(70)
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance at 1 April 2006	-	-	52	52
Profit for the year	-	-	17	17
Dividend	-	-	-	-
<b>Balance at 31 March 2007</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>69</b>

### 11 Related Party Transactions

There were no related party transactions in the current or prior period

### 12 Capital Commitments

There were no capital commitments in the current or prior period

### 13 Explanation of transition to IFRS

As stated in note 1, these are the company's first financial statements prepared in accordance with IFRSs

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 December 2007, the comparative information for the year ended 31 March 2007 and in the preparation of an opening IFRS balance sheet at 1 April 2006

In preparing its opening balance sheet, the company has adjusted amounts previously reported in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to IFRSs has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes

#### Reconciliation of equity

	UK GAAP £000	Effect of transition to IFRSs £000 1 April 2006	IFRS £000	UK GAAP £000	Effect of transition to IFRSs £000 31 Mar 2007	IFRS £000
<b>Note</b>						
<b>Current assets</b>						
Stock	-	-	-	-	-	-
Trade and other receivables	13	-	13	18	-	18
Cash and cash equivalents	50	-	50	69	-	69
	<b>63</b>	<b>-</b>	<b>63</b>	<b>87</b>	<b>-</b>	<b>87</b>
<b>Non-current assets</b>						
Property, plant and equipment	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>87</b>	<b>-</b>	<b>87</b>
<b>Current liabilities</b>						
Trade and other payables	11	-	11	18	-	18
	<b>11</b>	<b>-</b>	<b>11</b>	<b>18</b>	<b>-</b>	<b>18</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity</b>						
Share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Retained earnings	52	-	52	69	-	69
	<b>52</b>	<b>-</b>	<b>52</b>	<b>69</b>	<b>-</b>	<b>69</b>
<b>Total Equity and Liabilities</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>87</b>	<b>-</b>	<b>87</b>

#### Notes to the reconciliation of equity

There was no effect in the transition from UK GAAP to IFRS

# AMG Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Explanation of transition to IFRSs (continued)

#### Reconciliation of profit for 2007

	Note	UK GAAP £'000	Effect of transitions to IFRSs £'000	IFRS £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Distribution costs		-	-	-
Administrative expenses		-	-	-
Profit from operations		-	-	-
Financial income		1	-	1
Profit before tax		1	-	1
Income tax expense		-	-	-
Profit for the period		1	-	1
Attributable to Equity holders of the parent		1	-	1

#### Notes to the reconciliation of profit

There was no effect in the transition from UK GAAP to IFRS

Under UK GAAP the company was not required to, and did not, prepare a cash flow statement

### 14 Financial instruments

#### Financial risks

The principal financial risks to which the company is exposed are liquidity risk, market risk and credit risk. Each of these is considered below.

#### Liquidity risk

Liquidity risk is the risk that the company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to retain full public confidence in the solvency of the company and to enable the company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets, maintaining an appropriate mix between savings and deposit funding balances and through rigorous management control of the growth of the business.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. These risks are measured and managed at a Group level.

#### Currency risk

The company is not exposed to any currency risk as all transactions are denominated in Sterling.

#### Interest rate risk

The company has no interest bearing liabilities, other than loans from group undertakings.

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the spread of shareholders, as well as the return on capital and level of dividends to ordinary shareholders.

There were no changes in the company's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## AMG Services Limited

### NOTES TO THE FINANCIAL STATEMENTS

#### 15 Ultimate Parent Undertaking

The company is a wholly owned subsidiary of The Asset Management Group Limited. The ultimate parent undertaking is the Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited. A copy of the Skipton Building Society annual report and accounts into which the results of this company are consolidated is available from -

The Secretary  
Skipton Building Society  
The Bailey  
Skipton  
North Yorkshire  
BD23 1DN