

# American Express Europe Limited

*Registered number FC11790*

## REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001



# American Express Europe Limited

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## CONTENTS

	Pages
Profit and Loss Account	1
Balance Sheet	2
Reconciliation of Movements in Shareholders' Funds	3
Notes to the Accounts	4 - 11

# American Express Europe Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	<i>Note</i>	2001 \$000	2000 \$000
<b>GROSS PROFIT</b>		<b>652,539</b>	701,036
Operating and administrative expenses		(680,685)	(707,274)
<b>OPERATING LOSS</b>		<b>(28,146)</b>	(6,238)
Interest receivable and similar income	5	11,906	9,431
Interest payable and similar charges	6	(9,529)	(8,526)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>(25,769)</b>	(5,333)
Tax on loss on ordinary activities		9,019	1,867
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(16,750)</b>	(3,466)
<b>LOSS RETAINED FOR THE FINANCIAL YEAR</b>		<b>(16,750)</b>	(3,466)

All profits and losses earned are derived from continuing activities.

There are no recognised gains and losses other than those as stated above. Accordingly, no statement of total recognised gains and losses is presented.

# American Express Europe Limited

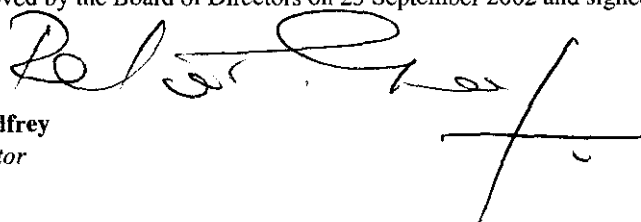
## BALANCE SHEET

As at 31 December 2001

	<i>Note</i>	2001 \$000	2000 \$000
<b>FIXED ASSETS</b>			
Intangible assets	7	29,187	34,235
Tangible assets	8	19,561	22,492
		<u>48,748</u>	<u>56,727</u>
<b>CURRENT ASSETS</b>			
Debtors	9	1,332,028	951,760
Cash at bank and in hand		563,040	486,263
		<u>1,895,068</u>	<u>1,438,023</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(1,815,291)	(1,347,906)
<b>NET CURRENT ASSETS</b>		<u>79,777</u>	<u>90,117</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>128,525</u>	<u>146,844</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	(58,592)	(60,161)
		<u>69,933</u>	<u>86,683</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1	1
Share premium account	13	49,999	49,999
Capital surplus	13	9,422	9,422
Profit and loss account	13	10,511	27,261
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>69,933</u>	<u>86,683</u>

Approved by the Board of Directors on 25 September 2002 and signed on its behalf by:

P Godfrey  
Director



## American Express Europe Limited

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### RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS For the year ended 31 December 2001

	2001 \$000	2000 \$000
Loss for the financial year	(16,750)	(3,466)
Net addition to shareholders' funds	<u>(16,750)</u>	<u>(3,466)</u>
Opening shareholders' funds	86,683	90,149
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<u><u>69,933</u></u>	<u><u>86,683</u></u>

# American Express Europe Limited

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## NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

### ACCOUNTING POLICIES

#### Basis of preparation

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

The company is incorporated in the United States of America and registered as a branch in England & Wales (BR897). The accounts are prepared under US GAAP taking advantage of exemptions disclosed in the Overseas Companies Accounts (Modifications and Exemptions) Order 1990.

#### Intangible assets

Goodwill is the difference between the amount paid on the acquisition of a business, and the fair value of the net assets acquired. Goodwill is amortised over the directors' estimate of its useful economic life of 15 years.

#### Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets except freehold land at rates calculated to write off the original cost or valuation, less estimated residual value over the expected useful life of the assets as follows:

- Leasehold improvements - over 5 to 10 years or the lease term if less
- Fixtures and fittings - over 8 years
- Plant and machinery - over 3 to 8 years

#### Foreign currencies

Transactions of the company denominated in foreign currencies are translated into dollars at the rates ruling at the dates of the transactions. All transaction gains and losses are borne by the parent company.

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at exchange rates prevailing at the end of the year. Resulting exchange gains and losses are taken to the profit and loss account.

The assets and liabilities of UK branches are translated into dollars at the year end rate of exchange and the gains and losses arising from the translation are borne by the parent company.

#### Leases

Rentals payable under operating leases are charged to the profit and loss account in equal amounts over the lease term.

#### Pensions

Contributions are made to the company's pension scheme for the funding of retirement benefits for each scheme member during his or her working life. The expected cost of providing pensions, as calculated by professional actuaries, is charged to the profit and loss account so as to spread the cost evenly over the service lives of employees in the scheme.

# American Express Europe Limited

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## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2001 \$000	2000 \$000
Depreciation of owned fixed assets	6,870	7,381
Amortisation of goodwill	3,998	4,545
Loss on disposal of fixed assets	593	637
Operating lease rentals		
- land and buildings	11,203	11,798
- plant and machinery	1,644	1,928

### 3. DIRECTORS' REMUNERATION

	2001 \$000	2000 \$000
Remuneration	1,193	1,509

One director was a member of the American Express defined benefits scheme.

Three directors were members of money purchase pension schemes. No contributions were paid by the company during the year in respect of money purchase schemes (2000 - \$nil).

# American Express Europe Limited

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## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 4. STAFF COSTS

	2001 \$000	2000 \$000
Wages and salaries	99,904	115,064
Social security costs	8,851	9,669
Other pension costs	6,374	3,332
	<u>115,129</u>	<u>128,065</u>

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

	2001 No.	2000 No.
Management	75	79
Associate	2,681	2,699
	<u>2,756</u>	<u>2,778</u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 \$000	2000 \$000
Group undertakings	6,539	6,258
Other interest receivable	5,367	3,173
	<u>11,906</u>	<u>9,431</u>



# American Express Europe Limited

## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 \$000	2000 \$000
Group undertakings	4,120	5,278
Other interest payable	5,409	3,248
	<u>9,529</u>	<u>8,526</u>

### 7. INTANGIBLE ASSETS

#### Goodwill

	\$000
<b>Cost</b>	
At 1 January 2001	67,261
Exchange differences	(2,134)
<b>At 31 December 2001</b>	<u>65,127</u>
<b>Amortisation</b>	
At 1 January 2001	33,026
Provided during the year	3,998
Exchange differences	(1,084)
<b>At 31 December 2001</b>	<u>35,940</u>
<b>Net book value</b>	
<b>At 31 December 2001</b>	<u>29,187</u>
At 31 December 2000	<u>34,235</u>

# American Express Europe Limited

## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 8. TANGIBLE FIXED ASSETS

	Leasehold improvements	Fixtures and fittings	Plant and machinery	Assets in course of construction	Total
	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>					
At 1 January 2001	27,527	6,367	24,176	404	58,474
Transfers	-	-	257	( 257)	-
Additions	1,336	373	4,185	-	5,894
Disposals	( 2,628)	( 553)	( 3,444)	-	( 6,625)
Exchange differences	( 717)	( 168)	( 632)	( 11)	( 1,528)
<b>At 31 December 2001</b>	<b>25,518</b>	<b>6,019</b>	<b>24,542</b>	<b>136</b>	<b>56,215</b>
<b>Depreciation</b>					
At 1 January 2001	16,767	4,116	15,099	-	35,982
Provided during the year	2,388	508	3,974	-	6,870
Disposals	( 2,303)	( 470)	( 2,459)	-	( 5,232)
Exchange differences	( 437)	( 109)	( 420)	-	( 966)
<b>At 31 December 2001</b>	<b>16,415</b>	<b>4,045</b>	<b>16,194</b>	<b>-</b>	<b>36,654</b>
<b>Net book value</b>					
<b>At 31 December 2001</b>	<b>9,103</b>	<b>1,974</b>	<b>8,348</b>	<b>136</b>	<b>19,561</b>
At 31 December 2000	10,760	2,251	9,077	404	22,492

# American Express Europe Limited

## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 9. DEBTORS

	2001 \$000	2000 \$000
Trade debtors	193,263	166,475
Amounts receivable from group undertakings	880,619	650,892
Other debtors	239,661	122,301
Prepayments and accrued income	18,485	12,092
	<u>1,332,028</u>	<u>951,760</u>

### 10. CREDITORS: amounts falling due within one year

	2001 \$000	2000 \$000
Bank overdrafts	620,498	238,844
Trade creditors	428,655	296,746
Amounts owed to group undertakings	537,761	564,496
Current corporation tax	69,880	82,242
Other taxes and social security costs	2,471	2,181
Other creditors	125,485	125,870
Accruals and deferred income	30,541	37,527
	<u>1,815,291</u>	<u>1,347,906</u>

### 11. CREDITORS: amounts falling due after more than one year

	2001 \$000	2000 \$000
Amounts owed to parent company	<u>58,592</u>	<u>60,161</u>

This loan falls due between one and two years of the balance sheet date.

# American Express Europe Limited

## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 12. SHARE CAPITAL

*Authorised*

	2001 No.	2000 No.
Ordinary shares of \$1 each	1,000,000	1,000,000
Preference shares of \$1 each	3,000	3,000

*Allotted, called up and fully paid*

	2001 No.	2000 No.	2001 \$	2000 \$
Ordinary shares of \$1 each	10	10	10	10
Preference shares of \$1 each	500	500	500	500

The holders of the 4% preference stock are entitled to receive a dividend when and as declared by the Board of Directors. These preference shares carry no votes at meetings, except as required by law.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, \$100,000 per share.

### 13. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium \$000	Capital surplus \$000	Profit and loss \$000	Total \$000
At 1 January 2000	49,999	9,422	27,261	86,682
Loss for the year	-	-	(16,750)	(16,750)
Foreign exchange translation gain	-	-	-	-
At 31 December 2001	49,999	9,422	10,511	69,932

# American Express Europe Limited

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## NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 December 2001

### 14. COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2001	2000
	\$000	\$000
Operating leases which expire:		
- within one year	359	734
- within two to five years	2,352	1,959
- after five years	5,811	5,467

### 15. ULTIMATE PARENT COMPANY

The ultimate parent and controlling undertaking is American Express Company, incorporated in the US. The smallest group undertaking within which the company is included is American Express Travel Related Services Company Inc. which is also incorporated in the United States of America. Copies of the American Express Company accounts can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.