

Britannic Group Services Limited

**Directors' Report
and
Financial Statements**

For the year ended

31 December 2000



Registered in England No. : 2090476

Britannic Group Services Limited

Report of the Directors

The directors present their report and audited financial statements for the year ended 31 December 2000.

Principal activity

The principal activity of the Company is the provision of non insurance services to the Group's customers and in particular the provision of banking, mortgage loan and unsecured loan arrangements.

Parent company

The Company's immediate and ultimate parent undertaking is Britannic plc.

Business review

The directors consider the results set out in the attached financial statements and the future prospects for the Company to be satisfactory.

Directors

The following directors have served during the year :

Maria-Luisa (Marisa) Cassoni (Resigned 31 December 2000)

William (Bill) Haynes

Brian Shaw

None of the current directors held shares in the Company at any time during the year.

All of the current directors are also directors of Britannic plc and their interests in the share capital of that company are given in its Directors' Report.

Dividends

The directors do not propose a dividend for the year ended 31 December 2000 (1999 £nil).

Britannic Group Services Limited

Creditor payment policy

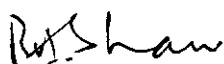
The Company's payment policy in respect of suppliers providing goods or services is to :

- (a) either agree the terms of payment with suppliers when placing orders, or, where appropriate, accept the suppliers' standard terms;
- (b) pay in accordance with its contractual and other legal obligations.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the Annual General Meeting.

By order of the Board



Brian Shaw
Director

1 Wythall Green Way
Wythall
Birmingham
B47 6WG

23 February 2001

Britannic Group Services Limited

Statement of Directors' Responsibilities

Company law requires 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 for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 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.

Britannic Group Services Limited

Report of the Auditors to the Members of Britannic Group Services Limited

We have audited the financial statements set out on pages 6 to 10.

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 director's 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 for our audit, or if information specified by law regarding directors' 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.

Britannic Group Services Limited

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

23 February 2001

Britannic Group Services Limited

Profit and Loss Account for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover		401,390	612,008
Administrative expenses		(369,143)	(451,810)
Operating profit		32,247	160,198
Interest receivable and similar income	2	32,562	23,261
Profit on ordinary activities before taxation	3	64,809	183,459
Taxation payable	5	(16,811)	(16,500)
Profit on ordinary activities after taxation		47,998	166,959
Retained profits brought forward		424,828	257,869
Retained profits carried forward		472,826	424,828

The profit and loss account contains all the recognised gains and losses of the year.
All figures relate to continuing operations.

Britannic Group Services Limited

Balance Sheet as at 31 December 2000

	Notes	2000 £	1999 £
Current assets			
Debtors	7	94,814	236,536
Investments	8	575,000	600,000
Cash at bank and in hand		-	55
		<u>669,814</u>	<u>836,591</u>
Creditors - amounts falling due within one year	9	146,988	361,763
Net assets		<u>522,826</u>	<u>474,828</u>
Capital and reserves			
Called up share capital	10	50,000	50,000
Profit and loss account	11	472,826	424,828
	12	<u>522,826</u>	<u>474,828</u>

The financial statements were approved by the Board of Directors on 23 February 2001 and were signed on its behalf by :

Pat Shaw

Director

Britannic Group Services Limited

Notes to the Financial Statements

1. Accounting standards and policies

These financial statements have been prepared in accordance with the provisions of the Companies Act 1985 and with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

a. Basis of accounting

The accounts are prepared in accordance with the historical cost convention, modified to include the revaluation of investments.

As permitted by Financial Reporting Standard 1 Revised (revised 1996) no cash flow statement is presented, as the company is a wholly owned subsidiary. Cash flows of this Company are reported in the Consolidated Cash Flow Statement of its ultimate parent undertaking.

As a wholly owned subsidiary, the Company has taken advantage of the exemption provided by Financial Reporting Standard 8 and has therefore not disclosed intra-group transactions. Note 6 details where the consolidated financial statements of Britannic Plc, within which this Company is included, can be obtained.

2.	Interest receivable and similar income	2000	1999
		£	£
	Interest on short term loans	<u>32,562</u>	<u>23,261</u>
3.	Profit on ordinary activities before taxation	2000	1999
		£	£
	Profit on ordinary activities before tax is stated after charging :		
	Auditors' remuneration for audit services (including VAT)		
	KPMG Audit Plc	<u>1,300</u>	<u>1,250</u>

The company did not have any employees during the year (1999 - Nil)

Britannic Group Services Limited

Notes to the Financial Statements

4. Directors' emoluments

No emoluments were payable to the directors in respect of the year (1999 - £Nil)

5. Taxation	2000 £	1999 £
Corporation tax has been charged at 30% (1999 - 30.25%)	<u>16,811</u>	<u>16,500</u>

6. Parent company

The Company's immediate and ultimate parent undertaking is Britannic plc. Copies of the Group financial statements may be obtained from the Company Secretary, Britannic plc, 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

Britannic plc heads the largest and smallest higher group of undertakings for which group accounts are drawn up.

7. Debtors	2000 £	1999 £
Amounts due from parent undertaking	-	129,954
Commissions receivable	63,273	89,000
Accrued income	<u>31,541</u>	<u>17,582</u>
	<u>94,814</u>	<u>236,536</u>

All debtors are due within one year of the balance sheet date

8. Investments	2000 £	1999 £
Deposits with credit institutions	<u>575,000</u>	<u>600,000</u>

Britannic Group Services Limited

Notes to the Financial Statements

9. Creditors : amounts falling due within one year	2000	1999
	£	£
Bank overdraft	19,423	-
Commissions payable	-	311,838
Corporation tax payable	33,311	16,500
Accruals and deferred income	1,300	1,250
Other creditors	823	823
Amounts due to parent undertaking	92,131	31,352
	<u>146,988</u>	<u>361,763</u>
10. Share capital	2000	1999
	£	£
Authorised ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, issued, called up and fully paid ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
11. Reserves	Profit and Loss	Total
	Account	
	£	£
At beginning of the year	424,828	424,828
Profit for the financial year	47,998	47,998
At end of the year	<u>472,826</u>	<u>472,826</u>
12. Reconciliation of movement in shareholders' funds	2000	1999
	£	£
Balance brought forward	474,828	307,869
Profit for the year	47,998	166,959
Balance carried forward	<u>522,826</u>	<u>474,828</u>