

Britannic Group Services Limited

**Directors' Report
and
Financial Statements**

For the year ended

31 December 2001



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 2001.

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 and mortgage loans via a mortgage panel.

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 :

William (Bill) Haynes (Resigned 15 June 2001)

Brian Shaw (Resigned 31 December 2001)

Bryan Portman (Appointed 28 June 2001)

Steve Baker (Appointed 21 November 2001)

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

Bryan Portman also served as a director of Britannic plc and his interest in the share capital of that company is given in its Directors' Report.

Dividends

The directors do not propose a dividend for the year ended 31 December 2001 (2000 £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



Bryan Portman
Director

1 Wythall Green Way
Wythall
Birmingham
B47 6WG

26 February 2002

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 Independent 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 1985. 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 2001 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

26 February 2002

Britannic Group Services Limited

Profit and Loss Account for the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover		174,901	401,390
Administrative expenses		(198,350)	(369,143)
Operating profit		(23,449)	32,247
Interest receivable and similar income	2	26,877	32,562
Profit on ordinary activities before taxation	3	3,428	64,809
Taxation receivable/(payable)	5	681	(16,811)
Profit on ordinary activities after taxation		4,109	47,998
Retained profits brought forward		472,826	424,828
Retained profits carried forward		476,935	472,826

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 2001

	Notes	2001 £	2000 £
Current assets			
Debtors	7	27,013	94,814
Investments	8	<u>560,000</u>	<u>575,000</u>
		587,013	669,814
Creditors - amounts falling due within one year	9	60,077	146,988
Net assets		<u>526,935</u>	<u>522,826</u>
Capital and reserves			
Called up share capital	10	50,000	50,000
Profit and loss account	11	476,935	472,826
	12	<u>526,935</u>	<u>522,826</u>

The financial statements were approved by the Board of Directors on 26 February 2002 and were signed on its behalf by :



Bryan Portman
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. The financial statements have also been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investments.

2.	Interest receivable and similar income	2001	2000
		£	£
	Interest on short term loans	<u>26,877</u>	<u>32,562</u>

3.	Profit on ordinary activities before taxation	2001	2000
		£	£

Profit on ordinary activities before tax is stated after charging :

Auditors' remuneration for audit services (net of value added tax)			
KPMG Audit Plc	<u>1,140</u>	<u>1,106</u>	

4. Directors' emoluments

No emoluments were payable to the directors in respect of the year (2000 - £Nil)

5.	Taxation	2001	2000
		£	£
	Corporation tax has been (group relieved)/charged at 30% (2000- 20%)	<u>(681)</u>	<u>16,811</u>

Britannic Group Services Limited

Notes to the Financial Statements

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.

7. Debtors	2001 £	2000 £
Commissions receivable	-	63,273
Other debtors	27,013	31,541
	<u>27,013</u>	<u>94,814</u>

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

8. Investments	2001 £	2000 £
Deposits with credit institutions	<u>560,000</u>	<u>575,000</u>

9. Creditors : amounts falling due within one year	2001 £	2000 £
Bank overdraft	13,044	19,423
Corporation tax payable	1,501	33,311
Accruals and deferred income	1,340	1,300
Other creditors	823	823
Amounts due to parent undertaking	43,369	92,131
	<u>60,077</u>	<u>146,988</u>

Britannic Group Services Limited

Notes to the Financial Statements

10. Share capital	2001	2000
	£	£

Authorised ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
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Allotted, issued, called up and fully paid ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
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11. Reserves	Profit and Loss Account	Total
	£	£
At beginning of the year	472,826	472,826
Profit for the financial year	<u>4,109</u>	<u>4,109</u>
At end of the year	<u>476,935</u>	<u>476,935</u>

12. Reconciliation of movement in shareholders' funds	2001	2000
	£	£
Balance brought forward	522,826	474,828
Profit for the year	<u>4,109</u>	<u>47,998</u>
Balance carried forward	<u>526,935</u>	<u>522,826</u>

13. Related party disclosure

The Company has taken advantage of the exemption provided by Financial Reporting Standard 8 and has not disclosed intra-group transactions.

14. Financial Reporting Standard 1 disclosure

As permitted by Financial Reporting Standard 1 Revised (revised 1996), no cash flow statement is presented. Cash flows of this Company are reported in the Consolidated Cash Flow Statement of its ultimate parent undertaking (note 6).