Company Registration No. 2107821

Deloitte
& Touche

FUEL CARD SERVICES LIMITED

Report and Financial Statements

31 December 2002



Deloitte & Touche
Leeds

FUEL CARD SERVICES LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G.R. Lister
D. Lister
S. Elliott
B.M. Jordan

SECRETARY

S. Elliott

REGISTERED OFFICE

8 Kerry Hill
Horsforth
Leeds
LS18 4AY

BANKERS

National Westminster Bank Plc
Leeds

SOLICITORS

Pinsents
Leeds

AUDITORS

Deloitte & Touche
Chartered Accountants
Leeds

Deloitte & Touche

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year was the sale and administration of petroleum products via the use of fuel cards.

The company continues to market fuel cards satisfactorily and early indications for 2003 reveal that the company should be profitable in the next financial year.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £153,000 (2001 - £130,000).

Dividends paid in the year were £49,500 (2001 - £300,000).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year together with their interests in the shares of the company were:

G.R. Lister

S. Elliott

D. Lister (appointed 6 April 2002)

B.M. Jordan (appointed 2 September 2002)

	Number	
	2002	2001
G.R. Lister	1	1
D. Lister	-	-
S. Elliott	-	-
B.M. Jordan	-	-

The interests of the directors in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

The directors had no other interests requiring disclosure under Section 234 of the Companies Act 1985.

AUDITORS

On 31 July 2002 Arthur Andersen resigned as auditors. The directors appointed Deloitte & Touche to fill the casual vacancy. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S. Elliott
Secretary

16 May 2003

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the 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 of the company for that period. In preparing those 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 applicable accounting standards have been followed; 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 to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUEL CARD SERVICES LIMITED

We have audited the financial statements of Fuel Card Services Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' 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' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 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 of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Leeds

20 May 2003

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PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER: continuing operations	2	5,971	4,429
Cost of sales		(5,657)	(4,146)
Gross profit		314	283
Other operating expenses (net)	3	(164)	(192)
OPERATING PROFIT: continuing operations		150	91
Interest receivable and similar income	6	74	101
Interest payable and similar charges	7	(1)	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	223	190
Tax on profit on ordinary activities	8	(70)	(60)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		153	130
Dividends paid	9	(50)	(300)
RETAINED PROFIT FOR THE FINANCIAL YEAR		103	(170)

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

There is no material difference between the profit shown above and the profit on a historical cost basis.

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BALANCE SHEET
31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	10	381	295
CURRENT ASSETS			
Stocks	11	124	114
Debtors	12	455	372
Cash at bank and in hand		754	645
		1,333	1,131
CREDITORS: Amounts falling due within one year	13	(868)	(683)
NET CURRENT ASSETS		465	448
TOTAL ASSETS LESS CURRENT LIABILITIES		846	743
NET ASSETS		846	743
CAPITAL AND RESERVES			
Called up share capital	14	20	20
Share premium account	15	40	40
Capital redemption reserve	15	250	250
Profit and loss account	15	536	433
SHAREHOLDERS' FUNDS	16	846	743

These financial statements were approved by the Board of Directors on 16 May 2003.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below. All of these have been applied consistently throughout the year and with the preceding year with the exception of the policy relating to deferred taxation which has been changed in order to comply with FRS 19. The impact of this is immaterial and thus no prior year adjustment has been made.

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of freehold land and buildings, and have been prepared in accordance with applicable accounting standards.

Under the provisions of FRS 1 "Cash flow statements (Revised 1996)", the company has not prepared a cash flow statement, because its ultimate parent company, Dyneley Holdings Limited, has prepared consolidated financial statements which include the financial statements of the company and which contain a cash flow statement.

Tangible fixed assets

Freehold land and buildings are shown at original historical cost or valuation. Other fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets except freehold land and buildings.

Freehold properties are maintained as a matter of company policy by a programme of repair and refurbishment such that the residual values of these properties are at least equal to their book values. Having regard to this the directors are of the opinion that depreciation of any such property, as required by the Companies Act and standard accounting practice, would not be material.

Depreciation on all other assets is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	5 years
Motor vehicles	4 years
Plant and equipment	3 - 7 years
Fixtures and fittings	3 - 7 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a money purchase pension scheme for certain of the directors, the costs of which are charged to the profit and loss account as incurred. The company also contributes to personal pension schemes for the remaining directors and certain other employees.

Turnover

Turnover comprises the value of sales, excluding VAT and trade discounts, of goods and services in the normal course of business.

Leases

Assets held under operating leases are not reported in the balance sheet. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2. SEGMENT INFORMATION

Turnover and operating profit are derived wholly from the principal activity within the United Kingdom.

3. OTHER OPERATING EXPENSES

	2002 £'000	2001 £'000
Selling costs	77	105
Administrative expenses	87	87
	164	192

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration:

Remuneration

The remuneration of the directors was as follows:

	2002 £'000	2001 £'000
Emoluments	412	386
Company contributions to money purchase schemes and personal pension schemes	35	71
Compensation for loss of office	-	24
	447	481

Pensions

The number of directors for whom contributions were made to pension schemes was as follows:

	2002 No.	2001 No.
Money purchase schemes and personal pension schemes	3	3

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2002 £'000	2001 £'000
Emoluments	268	213
Company contributions to money purchase scheme	24	24
	292	237

	2002 No.	2001 No.
Average number of persons employed		
Sales and administration	18	18

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	674	657
Social security costs	66	64
Pension costs	49	83
	789	804

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
Owned	65	55
Operating lease rentals		
Vehicles	1	7
Buildings	28	28
Staff costs (note 4)	789	804
Auditors' remuneration		
Audit services	8	9
Non- audit services	3	3

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Bank and other interest	74	101

7. INTEREST PAYABLE AND SIMLAR CHARGES

	2002 £'000	2001 £'000
On bank overdraft	1	2

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2002 £'000	2001 £'000
Current tax		
UK corporation tax	70	68
Deferred tax		
Origination and reversal of timing differences	-	(8)
	70	60

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2002 £'000	2001 £'000
Tax on profit on ordinary activities at standard UK corporation tax of 30% (2001 – 30%)	67	57
Non-deductible expenses	1	3
Capital allowances in excess of depreciation	4	10
Corporation tax rate differences	(2)	(2)
	70	68

A deferred tax asset of £5,505 in respect of accelerated capital allowances has not been recognised since the directors are of the opinion that the timing difference will not reverse in the foreseeable future.

9. DIVIDENDS PAID

	2002 £'000	2001 £'000
Equity shares		
- Interim paid of £2.48 (2001 - £15) per ordinary share	50	300

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Leasehold improvements £'000	Motor vehicles £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 January 2002	182	4	113	13	208	520
Additions	-	-	157	-	27	184
Disposals	-	-	(67)	-	(84)	(151)
At 31 December 2002	182	4	203	13	151	553
Depreciation						
At 1 January 2002	-	4	38	13	170	225
Charge	-	-	46	-	19	65
Disposals	-	-	(34)	-	(84)	(118)
At 31 December 2002	-	4	50	13	105	172
Net book value						
At 31 December 2002	182	-	153	-	46	381
At 1 January 2002	182	-	75	-	38	295

11. STOCKS

	2002 £'000	2001 £'000
Oil products	124	114

12. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	362	340
Amounts owed by group undertakings	51	-
Other debtors	20	13
Prepayments and accrued income	22	19
	455	372

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NOTES TO THE ACCOUNTS
Year ended 31 December 2002

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Trade creditors	623	379
Amounts owed to group undertakings	13	119
Other creditors		
-VAT	42	39
-UK Corporation tax	70	68
-Social security and PAYE	26	24
-Other creditors	13	5
Accruals and deferred income	81	49
	868	683

14. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted, called up and fully paid		
20,000 ordinary shares of £1 each	20	20

15. RESERVES

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	2002 £'000	2001 £'000
Distributable:		
Profit and loss account	536	433
Non-distributable		
Share premium account	40	40
Capital redemption reserve	250	250
	826	723

The movement in reserves is as follows:

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Beginning of year	40	250	433	723
Retained profit for the year	-	-	103	103
End of year	40	250	536	826

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

16. MOVEMENT IN SHAREHOLDERS' FUNDS

The movement in shareholders' funds during the year was as follows:

	2002 £'000	2001 £'000
Profit for the financial year	153	130
Dividends paid	(50)	(300)
Net addition to shareholders' funds	103	(170)
Opening shareholders' funds	743	913
Closing shareholders' funds	846	743

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a. Guarantees

The company has given, and is the beneficiary of, cross guarantees in respect of banking arrangements covering its own facilities and those of The Fuel Card Group Limited and those of Network Card Limited, Fuel Network Limited and Fuel Card Limited, which are subsidiary undertakings of The Fuel Card Group Limited. The company has granted fixed and floating charges on all its assets including book debts to secure a group bank overdraft facility of £250,000 (2001 - £250,000).

b. Capital commitments

At the end of the year there were no capital commitments (2001 - £nil).

c. Lease commitments

The company had entered into operating leases in respect of motor vehicles and buildings.

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Buildings £'000	Vehicles £'000	Buildings £'000	Vehicles £'000
Expiry date:				
- within 1 year	28	-	28	1

18. ULTIMATE PARENT COMPANY

The directors regard Dyneley Holdings Limited, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

Dyneley Holdings Limited is the parent of the largest group of which the company is a member and for which group financial statements are drawn up. The Fuel Card Group Limited is the parent company of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements of both companies are available from 8 Kerry Hill, Horsforth, Leeds, LS18 4AY.

As a subsidiary undertaking of Dyneley Holdings Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Dyneley Holdings Limited.