Registered No. 1023742

Voca Limited

Annual Report 2005

VOCA

Contents

Directors and Secretary

Board

T Broome (*Chairman*)

S Eacott (*Deputy Chairman*)
The Royal Bank of Scotland plc

M King (*Chief Executive*)
Voca Limited

N Davis
HSBC Bank plc

S Grigg (*Chief Operating Officer*)
Voca Limited

B Johnston
HBOS plc

C Mann
Bank of England

R McGill
Abbey National plc

R Parker (*Chief Financial Officer*)
Voca Limited

R Pattinson
Barclays Bank PLC

S Quigley
Alliance & Leicester plc

D Sanders
The Co-operative Bank p.l.c.

R Saunders
Lloyds TSB Bank plc

R Taylor
National Australia Group Europe Limited

T Reseigh
Nationwide Building Society

R Mackintosh
Northern Rock plc

Operational Directors

D Sear (*Commercial Services Director*)

M Wilson (*Business Development Director*)

Secretary

R Bonnington (*Company Secretary*)

Report of the Directors

The Directors present their thirty-fourth annual report and the audited financial statements for the year ended 30 November 2005.

Principal activity and business review

The principal activity of Voca Limited remained the provision of payments services to the banking and commercial sectors. The Company provides one of the largest payments processing systems in Europe.

During the year the Company's payment transaction volumes exceeded five billion items which contributed to turnover growth. Voca Limited continued to develop replacement technology for its core processing system. The name of the replacement technology was changed from NewBACS to Pentathlon in the course of the year.

The Company's first joint venture OneVu Limited signed-up its first major customer and work continued throughout the year to convert other expressions of interest into tangible commitments.

In May 2005 the Company created a further joint venture called Digital Payments Limited in conjunction with two other companies (Retail Decisions plc, and MiPay Limited). A number of other business opportunities were evaluated by the Company and are in the course of being developed.

The Company increased the provision of connectivity solutions, training, and consultancy activities throughout 2005. These were provided to customers on a commercial basis. Additionally, the Company continued to provide BACS Payment Schemes Limited with marketing and training support in respect of its Direct Debit and associated brands in accordance with the terms of the contract.

The Company is currently in negotiation with The Association for Payment Clearing Services (APACS) to provide a Faster Payments Service in the United Kingdom. It is intended that this service will be supplied in *partnership with LINK Interchange Network Limited.*

At the November 2005 Board meeting the Directors authorised a capital call of £16,000,000 on the basis of *a rights issue and the offer will close on 10 February 2006.*

Future developments

The Pentathlon project is scheduled for completion in 2006. The Company will continue to seek, identify and exploit opportunities in the United Kingdom and elsewhere that will leverage this technology investment.

Results and dividends

The Group's profit before tax for the year was £3,772,000 (2004: loss £2,038,000)

The Directors do not recommend the payment of a final dividend (2004: £nil).

Report of the Directors (continued)

Employees

The Company's support of equal opportunities in respect of recruitment, career progression and employee management processes continued. Consideration was given to all applicants for employment, irrespective of race, sex or disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Support was also given to internal applicants who wished to move to new jobs in other parts of the Company.

During the year the Company operated a profit share scheme for employees. This arrangement rewards Company employees' for meeting agreed financial targets.

The Chief Executive and other members of her Executive Team conducted a number of staff briefings throughout the year that kept staff fully informed and updated on business activities. The Company intranet site 'The Pulse' was used on a routine basis to keep employees and others informed about important business issues, the progress that was being made on key corporate programmes, and other changes affecting the Company, its employees and other stakeholders. Communication with staff was complemented by discussions between the Company and the recognised trade union Amicus.

Charitable contributions

The total amount given for charitable purposes by the Company was £7,033 (2004: £9,100). No contributions to political parties were made (2004: £nil).

Directors

The names of the current Directors of the Company are shown on page 1. During the year and subsequently the following changes occurred.

Appointed:

R Saunders	21 December 2004	R Taylor	5 May 2005
R Pattinson	11 April 2005	N Davis	10 August 2005
R McGill	26 September 2005	T Reseigh	19 December 2005
R Mackintosh	21 December 2005		

Resigned:

P Baker	21 December 2004	T Dirienzo	23 March 2005
A Morgan	11 April 2005	M Spearing	10 August 2005
A Thomas	31 August 2005	J McLaughlin	13 December 2005
P Feldman	7 December 2005		

The names of the Alternate Directors are set out below together with the dates of appointment where these took place during the year and subsequently.

R Drummond		A Hamilton	
W Lea		G Noel	
A Seddon		G Clark	7 March 2005
M Hale	11 May 2005	D McGrath	19 May 2005
N Davis	26 April 2005	R White	26 September 2005
C Henry	5 December 2005	M Roberts	3 January 2006

The following Alternate Directors resigned during the year.

C Henry	7 March 2005	J Walton	23 March 2005
L Smith	13 April 2005	S Styles	19 May 2005
N Davis	10 August 2005	G Cann	26 September 2005
M Roberts	7 December 2005	D Bradley	13 December 2005

Directors' interests

No Director had any interest in the shares of the Company or any other group company during the current or previous year.

Auditors

Deloitte & Touche LLP have signified their willingness to continue in office as Auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board

R Bonnington
Secretary

26 January 2006.

Statement of Directors' responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies then apply them consistently;
- make judgments 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 Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

26 January 2006.

R Bonnington
Secretary

VOCA

Independent Auditors' report to the Shareholders of Voca Limited

Introduction

We have audited the financial statements of Voca Limited for the year ended 30 November 2005 which comprise the profit and loss account, the balance sheets, the cash flow statement, the accounting policies and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders 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 and other shareholders of the group is not disclosed.

We read the Directors' report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 circumstances of the Company and the Group, consistently applied and adequately disclosed.

Independent Auditors report (continued)

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 affairs of the Company and the Group as at 30 November 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

26 January 2006

Consolidated profit and loss account

For the year ended 30 November 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Turnover including share of joint ventures	1		89,095		77,583
Less: Share of joint ventures			(4)		
Group turnover			89,091		77,583
Administrative expenses	2, 3		(80,858)		(76,042)
Group operating profit			8,233		1,541
Share of operating loss in:					
Joint ventures			(866)		(392)
Operating profit including joint ventures			7,367		1,149
Interest receivable and similar income					
Group			164		61
Joint ventures			6		3
Interest payable and similar charges	4		(3,765)		(3,251)
Profit/(loss) on ordinary activities before tax			3,772		(2,038)
Tax (charge)/credit on profit/(loss) on ordinary activities	5		(1,980)		271
Profit/(loss) for the financial year on ordinary activities after taxation	16,17		1,792		(1,767)
Profits retained and brought forward from previous years			12,861		14,628
Profits retained and carried forward	16		14,653		12,861

All activities derive from continuing operations.

The Company has taken advantage of s230 of the Companies Act not to present its own profit and loss account. The Company's profit before tax for the year was £4,605,000 (2004: loss before tax £1,649,000)

There are no recognised gains or losses in the current or the prior period other than those shown in the profit and loss account above. Accordingly there is no statement of total recognised gains and losses presented in these financial statements.

Consolidated balance sheet

As at 30 November 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Intangible assets	6	72,699		56,305	
Tangible assets	7a	22,428		28,554	
			95,127		84,859
Current assets					
Debtors	8	15,551		13,920	
Cash at bank and in hand		5,041		3,972	
		20,592		17,892	
Creditors					
Amounts falling due within one year	9	(25,616)		(18,949)	
Net current liabilities			(5,024)		(1,057)
Total assets less current liabilities			90,103		83,802
Creditors					
Amounts falling due after more than one year	10		(61,423)		(59,602)
Provision for liabilities and charges					
Share of gross assets in joint ventures		291		56	
Share of gross liabilities in joint ventures		(1,536)		(446)	
			(1,245)		(390)
Other provisions	11		(7,461)		(5,628)
Total net assets			19,974		18,182
Capital and reserves					
Called up share capital	15		3,188		3,188
Share premium account	15		2,133		2,133
Profit and loss account	16		14,653		12,861
Equity Shareholders' funds	17		19,974		18,182

These financial statements were approved by the Board of Directors on 26 January 2006

Signed on behalf of the Board of Directors.

M King
Chief Executive

R Parker
Chief Financial Officer

Company balance sheet

As at 30 November 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Intangible assets	6	72,699		56,305	
Tangible assets	7a	22,428		28,554	
			95,127		84,859
Current assets					
Debtors	8	15,553		13,635	
Cash at bank and in hand		4,732		3,972	
		20,285		17,607	
Creditors					
Amounts falling due within one year	9	(26,356)		(19,698)	
Net current liabilities			(6,071)		(2,091)
Total assets less current liabilities			89,056		82,768
Creditors					
Amounts falling due after more than one year	10		(61,423)		(59,602)
Provision for liabilities and charges	11		(7,461)		(5,628)
Total net assets			20,172		17,538
Capital and reserves					
Called up share capital	15		3,188		3,188
Share premium account	15		2,133		2,133
Profit and loss account	16		14,851		12,217
Equity Shareholders' funds	17		20,172		17,538

These financial statements were approved by the Board of Directors on 26 January 2006.

Signed on behalf of the Board of Directors.

M King
Chief Executive

R Parker
Chief Financial Officer

Consolidated cash flow statement

for the year ending 30 November 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Net cash inflow from operating activities	18		27,620		11,549
Returns on investment and servicing of finance					
Interest received		170		61	
Interest paid		(3,765)		(3,251)	
			(3,595)		(3,190)
Taxation					
Corporation tax received			-		474
Capital expenditure					
Payments to acquire intangible fixed assets		(28,460)		(8,201)	
Payments to acquire tangible fixed assets		(1,270)		(9,840)	
Receipts from sale of tangible fixed assets		46		2	
			(29,684)		(18,039)
Financing					
New borrowings		8,500		13,000	
Capital element of finance lease rental payments		(1,772)		(1,639)	
			6,728		11,361
Increase in cash for the year			1,069		2,155

Reconciliation of net cash flow to movement in net debt

	Notes	2005 £000	2004 £000
Increase in cash in the year		1,069	2,155
Cash inflow from increase in debt and lease		(6,728)	(11,361)
New finance leases		-	(4,766)
Change in net debt in the year		(5,659)	(13,972)
Net debt at 1 December 2004		(57,294)	(43,322)
Net debt at 30 November 2005	19	(62,953)	(57,294)

Accounting policies

For the year ended 30 November 2005

These financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are described below.

1 Accounting convention

These financial statements are prepared under the historical cost convention.

2 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary. These are drawn-up each year for the Company to the 30 November, and for its joint venture undertaking to the 30 September.

3 Accounting for joint ventures

Equity investments held at the agreed percentage ownership with partners and having proportional voting rights are shown in the parent company books on a gross equity basis in accordance with the provisions of FRS 9 'Associates and Joint Ventures'.

Where the year-end of the joint venture is within three months of the Company's year-end, the results of the joint venture will be included in the Group accounts after adjustment for any material post balance sheet events of the joint venture.

4 Income recognition

Charges for the Company's automated money transmission services are recognised in the month of processing.

5 Depreciation

Depreciation is provided in equal annual instalments over the estimated useful economic lives of the assets as set out below.

- Leasehold land and buildings - Over the remaining period of the lease
- Plant and equipment - 4 to 20 years
- Computers and ancillary equipment - 2 to 4 years
- Fixtures and fittings - 4 to 10 years
- Leased assets - The shorter of the term of the lease and the useful economic life of the asset.

Certain items of ancillary equipment are coterminously depreciated over the estimated useful economic life of the primary equipment.

6 Development expenditure

All systems and programming development expenditure has been written off when incurred except where such costs have met the criteria stipulated under Statement of Accounting Practice 13 'Accounting for research and development'. In these instances such expenditure is capitalised and amortised over the shorter of its estimated useful life and the Company's core processing contract (to November 2010), commencing in the year in which the development becomes functional.

7 Financial instruments

Derivative instruments are used by the Company for other than trading purposes to alter the risk profile of an existing underlying exposure. Interest rate swaps are used to manage interest rate exposures and amounts payable are recognised in interest expense on an accrual basis based on the terms of the agreement and the prevailing rate of interest at that time.

8 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease. Provision is made for the future rental and related costs of leasehold property where it is vacant.

9 Pension commitments

The Company operates a defined benefit scheme covering the majority of its employees. The Scheme is financed through a separate fund managed by Company and employee nominated Trustees. Contributions to the Scheme are calculated by the Scheme's actuary on a basis agreed between the Company and the Trustees. The Company has paid all the contributions agreed with the Trustees.

The Company's costs relating to this Scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with Company, in accordance with Statement of Standard Accounting Practice No 24 'Accounting for Pension Costs'. Variations from the regular cost are spread over the average remaining service lives of the current employees.

The Company has adopted Financial Reporting Standard 17 'Retirement Benefits'. In accordance with the transitional arrangements of the Standard, supplementary disclosures are required in the accounts, and these are set out in Note 2 (b) in the notes to the Financial Statements below.

10 Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation relating to the year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

VOCA

Notes to the financial statements

For the year ended 30 November 2005

1 Turnover

Turnover originates within the United Kingdom and consists of the charges for the Company's automated money transmission services and the provision of secure connectivity, managed services, information, management and other professional services. Turnover for 2005 includes a contribution of £5,560,000 from BACS Payment Schemes Limited in relation to the additional cost of the Pentathlon development programme.

2 Information regarding Employees and Directors

a) Employee costs (including Executive Directors)

	2005 £000	2004 £000
Wages and salaries	20,675	19,700
Social security	2,075	2,047
Pension costs	6,556	4,559
Home loan support	17	15
	29,323	26,321
Reorganisation costs and associated pension benefits	1,156	1,669
Total employee costs	30,479	27,990

Number of persons employed (including part-time staff)

	2005 No.	2004 No.
Average staff throughout the year	399	393

b) Pension disclosures

The Company operates a defined benefit scheme, the assets of which are held in a separate trustee administered fund. In addition, the Company has defined contribution arrangements to which it also makes contributions. The Scheme was closed to new members in October 2004.

At the last actuarial valuation date, 5 April 2003, the market value of the Scheme's assets including insured pensions and members' additional voluntary contributions was £58,471,000 which represented 62% of the benefits due to members.

The total pension cost charged to these accounts amounted to £6,450,000 in respect of the defined benefit scheme.

Notes to the financial statements (continued)

b) Pension disclosures (continued)

A full actuarial valuation was carried out as at 5 April 2003. Updates to this actuarial valuation were undertaken in November 2004 and November 2005 by a qualified independent Actuary. It was agreed in 2004 that future contributions to the Scheme would be at a level of 14% of basic salaries plus £2,306,000 per year starting in November 2004 and increasing by 4% for each following year.

In November 2000 the Accounting Standards Board issued FRS17 'Retirement Benefits', replacing SSAP24 'Accounting for Pension Costs'. The required disclosures under the transitional provisions of FRS17 are made below.

As the Scheme is closed to new members, under the projected unit method, the current service cost will increase as the members of the Scheme approach retirement. The major assumptions used by the Actuary were (in nominal terms):

	At 30/11/2005	At 30/11/2004	At 30/11/2003
Rate of increase in salaries (plus a promotional scale)	3.55%	3.35%	3.25%
Rate of increase in pensions in payment	2.90%	2.80%	2.70%
Discount rate	5.10%	5.50%	5.75%
Inflation assumption	2.90%	2.80%	2.70%

The assets in the Scheme and the expected rate of return were:

	Long-term rate of return expected at 30/11/2005	Value at 30/11/2005 £000	Long-term rate of return expected at 30/11/2004	Value at 30/11/2004 £000	Long-term rate of return expected at 30/11/2003	Value at 30/11/2003 £000
Equities	7.70%	45,899	8.10%	35,351	8.50%	31,953
Government bonds	4.20%	18,831	4.60%	13,576	5.00%	14,793
Corporate bonds	5.10%	13,568	5.50%	13,761	5.75%	6,920
Cash	4.50%	894	4.75%	843	3.75%	1,271
Insured pensioners	5.10%	5,494	5.50%	5,618	5.75%	5,699
Absolute return funds	7.20%	7,087	7.60%	6,492	8.00%	5,191
Total market value of assets		91,773		75,641		65,827
Present value of Scheme liabilities		(141,111)		(121,097)		(105,328)
Deficit in the Scheme		(49,338)		(45,456)		(39,501)
Related deferred tax asset		14,802		13,637		11,850
Net pension deficit		(34,536)		(31,819)		(27,651)

Notes to the financial statements (continued)

b) *Pension disclosures (continued)*

Analysis of the amount charged to operating profit

	2005	2004
	£000	£000
Current service cost	2,685	2,538
Past service cost	396	1,677
Total operating charge	3,081	4,215

Analysis of the amount credited to other finance income

	2005	2004
	£000	£000
Expected return on pension scheme assets	5,189	4,755
Interest on pension scheme liabilities	(6,670)	(6,073)
Net return	(1,481)	(1,318)

Analysis of amount recognised in statement of total recognised gains and losses

	2005	2004
	£000	£000
Actual return less expected return	7,852	1,860
Changes in assumptions underlying the present value of the liabilities	(12,592)	(7,447)
Actuarial losses	(4,740)	(5,587)

Movement in Deficit during the year

	2005	2004
	£000	£000
Deficit in Scheme at beginning of year	(45,456)	(39,501)
Movement in year:		
Current service cost	(2,685)	(2,538)
Contributions	5,420	5,165
Past service costs	(396)	(1,677)
Other finance income	(1,481)	(1,318)
Actuarial loss	(4,740)	(5,587)
Deficit in Scheme at end of year	(49,338)	(45,456)

VOCA

Notes to the financial statements (continued)

3 Operating profit

Operating profit from continuing operations is stated after charging	2005 £000	2004 £000
Depreciation		
Charge for year:		
On owned assets	5,570	6,410
On leased assets	1,498	1,013
Amortisation of development costs	12,065	6,196
	19,133	13,619
Provison for writedown of assets	-	500
Diminution in value of Pentathlon Delivery 1	-	787
Depreciation on disposal of fixed assets	-	1
	19,133	14,907
Rental of premises	1,434	2,059
Auditors' remuneration		
Audit fee	83	82
Non-audit services	10	70

4 Interest payable and similar charges

	2005 £000	2004 £000
Interest payable on overdrafts and bank loans	3,765	3,251

5 Tax on profit/ (loss) on ordinary activities

The taxation charge/ (credit) on the profit/ (loss) for the year comprises	2005 £000	2004 £000
Corporation tax at 30% (2005 : 30%)		
Current year	8	-
Prior years	-	5
	8	5
Deferred taxation		
Current year	1,834	(276)
Prior years	138	-
Taxation charge / (credit)	1,980	(271)

Notes to the financial statements (continued)

5. Tax on profit / (loss) on ordinary activities (continued)

The actual tax charge for the current and previous year varies from the standard rate of 30% for the reasons set out in the following reconciliation.

	2005 £000	2004 £000
Profit/(Loss) on ordinary activities before tax	3,772	(2,038)
Tax at 30% thereon	(1,132)	611
Effect of:		
Expenses not deductible for tax purposes	(452)	(536)
Capital allowances in excess of depreciation	818	41
Utilisation of tax losses	1,449	-
Movement in short-term timing differences	(434)	-
Share of losses in joint venture	(257)	(116)
Prior period adjustments	-	(5)
Current tax charge	(8)	(5)

6 Intangible fixed assets

Development Costs	Group & Company £000
Cost	
01 December 2004	65,976
Incurred during the year	29,246
30 November 2005	95,222
Amortisation	
01 December 2004	(9,671)
Amortised in the year	(12,065)
Revaluation following write down of development stage1	(787)
30 November 2005	(22,523)
Net book value - 30 November 2005	72,699
Net book value - 30 November 2004	56,305

Development expenditure relates to the costs incurred in respect of the development of Pentathlon, a major new infrastructure system. The cost is being amortised over the life of the core processing contract (to November 2010) commencing on the implementation dates of the major deliveries of the new system. Pentathlon represents a significant investment and the details of commitments in respect of this development can be found in note 13.

Notes to the financial statements (continued)

7 a) Group and Company fixed assets : tangible assets

	Total £000	Leasehold land and buildings £000	Plant and equipment £000	Computers and ancillary equipment £000	Fixtures and fittings £000
Cost					
01 December 2004	70,657	21,935	15,478	32,184	1,060
Additions	1,785	13	-	1,625	147
Disposals	(11,381)	(6,121)	(4,523)	(553)	(184)
30 November 2005	61,061	15,827	10,955	33,256	1,023
Depreciation					
01 December 2004	42,103	8,583	13,036	19,978	506
Charge for year	7,068	1,257	399	5,212	200
Revaluations	500	-	-	500	-
Eliminated on disposals	(11,038)	(5,892)	(4,432)	(538)	(176)
30 November 2005	38,633	3,948	9,003	25,152	530
Net book value - 30 November 2005	22,428	11,879	1,952	8,104	493
Net book value - 30 November 2004	28,554	13,352	2,442	12,206	554

Included in computers and ancillary equipment is computer equipment held under finance leases with a net book value of £2,767,460 at 30 November 2005 (2004: £5,407,979).

7 b) Fixed asset investments

The investment as shown in note 14 at 30 November 2005 comprises share capital of £50 (2004: £50) in OneVu Limited, a 50% owned joint venture incorporated 03 February 2004; £400 (2004: £nil) in Digital Payments Limited, a 40% owned associate incorporated 10 May 2005; and £2 (2004 : £2) in Voca Holdings (formerly Bankers' Automated Clearing Services Limited), a wholly owned subsidiary.

8 Debtors

	Group 2005 £000	Company 2005 £000	Group 2004 £000	Company 2004 £000
Trade debtors	8,903	8,903	7,765	7,765
Other debtors	82	82	297	12
Amounts due from associate undertakings	-	2	-	-
Prepayments	6,566	6,566	5,858	5,858
	15,551	15,553	13,920	13,635

Notes to the financial statements (continued)

9 Creditors : Amounts falling due within one year

	Notes	Group 2005 £000	Company 2005 £000	Group 2004 £000	Company 2004 £000
Trade Creditors		3,615	3,605	1,953	1,953
Amounts due to Group undertaking		2	752	4	757
Finance leases	12	1,571	1,571	1,664	1,664
Other taxation and social security		680	680	901	897
Accruals		14,123	14,123	11,267	11,267
Deferred Income		625	625	3,160	3,160
Bank loans		5,000	5,000	-	-
		25,616	26,356	18,949	19,698

10 Creditors : Amounts falling due after more than one year

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Bank loans	12	60,000	60,000	56,500	56,500
Finance leases	12	1,423	1,423	3,102	3,102
		61,423	61,423	59,602	59,602

11 Provision for liabilities and charges

	Group & Company Deferred taxation £000	Group & Company Reorganisation provision £000	Group & Company Other provision £000	Group & Company Total £000
At 1 December 2004	-	1,816	3,812	5,628
Profit and loss account				
Current year	1,972	460	-	2,432
Released during the year	-	-	(599)	(599)
At 30 November 2005	1,972	2,276	3,213	7,461

The reorganisation provision relates to the expected redundancy costs of identified individuals at 30 November 2005, expected to be fully utilised at 30 November 2006.

Notes to the financial statements (continued)

11. Provision for liabilities and charges (continued)

Other provisions includes additional pension costs of £2,713,000 (2004: £1,025,000) to cover the increased Scheme deficit identified in 2005 and anticipated future augmentation costs.

During the year the Company has recognised a deferred tax liability of £1,972,000.

	2005 £000	2004 £000
Accelerated tax allowances on plant and machinery	8,206	5,509
Short term timing differences	-	(79)
Trading losses	(5,420)	(5,095)
Pension Provision	(814)	(59)
Deferred tax (asset) recognised in the year	-	(276)
Deferred tax liability as at 30 November	1,972	-

12 Loans and other borrowings

	Notes	Group 2005 £000	Company 2005 £000	Group 2004 £000	Company 2004 £000
Bank loans and overdrafts		65,000	65,000	56,500	56,500
Finance leases		2,994	2,994	4,766	4,766
		67,994	67,994	61,266	61,266
Maturity of debt					
In one year or less, or on demand	9	6,571	6,571	1,664	1,664
In more than one year, but not more than two years	10	21,423	21,423	1,651	1,651
In more than two years, but not more than five years	10	40,000	40,000	57,951	57,951
		67,994	67,994	61,266	61,266

At the end of the year the Company had drawn down £65,000,000 (2004: £56,500,000) of a total facility of £78,000,000. The Company is able to draw down the remainder of this facility in order to fund the working capital requirements of the Company.

VOCA

Notes to the financial statements (continued)

13 Commitments

c) Capital -

The amount not provided for in the accounts but authorised by the Directors in respect of Pentathlon is £16,600,000 (2004 : £7,330,000).

d) Other

At 30 November 2005 the Company and Group was committed to making the following payments during the next year in respect of operating leases.

	2005 Land and buildings £000	2005 Other £000	2004 Land and buildings £000	2004 Other £000
Lease expiring				
within one year	-	1,514	167	31
between two and five years	-	-	-	218
over five years	1,596	-	1,522	-
	1,596	1,514	1,689	249

14 Subsidiary and associate undertakings

The subsidiary undertaking at 30 November 2005 was Voca Holdings (formerly Bankers' Automated Clearing Services Limited), a company registered in England and Wales, the capital of which consists of ordinary shares and is wholly owned by Voca Limited. The subsidiary did not trade throughout the year.

At the balance sheet date Voca Limited held a 50% interest in OneVu Limited and 40% interest in Digital Payments Limited. These holdings have been accounted for as a joint venture and associate activity accordingly. OneVu Limited is consolidated on a gross equity basis in accordance with FRS9 as ownership and control operate on a 50% basis as set out in the Shareholder Agreement. The registered addresses of both OneVu Limited and Digital Payments Limited is Drake House, Three Rivers Court, Homestead Road, Rickmansworth, Herts WD3 1FX. The country of incorporation for both OneVu Limited and Digital Payments Limited is Great Britain. The capital and reserves at the consolidation date of OneVu Limited is (£1,379,000); the loss for the year being (£1,712,000). Digital Payments had not formally traded at the date of consolidation.

VOCA

Notes to the financial statements (continued)

15 Called up share capital and share premium account

		2005 £000	2004 £000
(a)	Called up share capital 10,000,000 authorised ordinary shares of £1 each	10,000	10,000
	Called up, allotted and fully paid ordinary 3,188,000 shares of £1 each at 30 November	3,188	3,188
(b)	Share premium At 30 November	2,133	2,133

	% Holding	% Holding
(c) Shareholders		
Abbey National plc	2.96	2.96
Alliance & Leicester Commercial Bank Plc	1.61	1.61
Bank of England	2.37	2.37
Bank of Scotland Plc +	6.98	6.98
Barclays Bank Plc	15.56	15.56
Clydesdale Bank Plc	2.82	2.82
Coutts & Co*	0.07	0.07
HSBC Bank plc	17.81	17.81
Lloyds TSB Bank Plc	15.34	15.34
National Westminster Bank Plc*	21.80	21.80
Nationwide Building Society	1.83	1.83
Northern Rock Plc	0.17	0.17
The Co-operative Bank Plc	2.90	2.90
The Royal Bank of Scotland Plc*	7.79	7.79
	100.00	100.00

+ Member of HBOS Group * Members of The Royal Bank of Scotland Group

At its meeting on the 10 November 2005 the Board authorised a capital call of £16,000,000 on the basis of a rights issue. The offer comprised 2,909,091 ordinary shares at £1 face value at an offer price of £5.50p each on a fully paid-up basis. The offer closes 10 February 2006.

16 Movement in reserves

	Profit and loss Group £000	Share premium Group £000	Profit and loss Company £000	Share premium Company £000
At 1 December 2004	12,861	2,133	12,217	2,133
Retained profit for the financial year	1,792	-	2,634	-
At 30 November 2005	14,653	2,133	14,851	2,133

VOCA

Notes to the financial statements (continued)

17 Reconciliation of movements in shareholders' funds

	Group 2005 £000	Company 2005 £000	Group 2004 £000	Company 2004 £000
Opening shareholders' funds	18,182	17,538	19,949	18,911
Profit/(loss) for the year	1,792	2,634	(1,767)	(1,373)
Closing shareholders' funds	19,974	20,172	18,182	17,538

18 Reconciliation of operating profit to net cash inflow from operating activities

	Notes	2005 £000	2004 £000
Operating profit		7,367	1,541
Depreciation	3	19,131	13,619
(Increase) / decrease in debtors		(1,865)	(1,608)
(Decrease) / increase in creditors		2,850	(3,156)
(Decrease) / increase in provision for liabilities and charges		(147)	1,153
Profit / loss on disposal of assets		284	-
Net cash inflow from operating activities		27,620	11,549

19 Analysis of changes in net debt

	At 30 November 2004	Cash flows	Other non cash changes	At 30 November 2005
Cash at bank and in hand	3,972	1,069	-	5,041
Debt due within one year	-	-	(5,000)	(5,000)
Debt due after one year	(56,500)	(8,500)	5,000	(60,000)
Finance leases	(4,766)	1,772	-	(2,994)
Total	(57,294)	(5,659)	-	(62,953)

20 Related party disclosures

c) **Operating Income**

The Company's income was principally derived from transaction charges for the Company's automated money transmission services contracted with BACS Payment Schemes Limited and its shareholder companies. During the year this income amounted to £82,619,000 (2004: £77,149,000) and at the year end trade debtors of £7,072,000 (2004: £6,952,000) were outstanding in this respect.

d) **Inter-Bank Data Exchange Service**

The Company managed the Inter-Bank Data Exchange (IBDE) service on behalf of the Cheque and Credit Clearing Company Limited which has common ownership. Income invoiced during the year relating to this service was £1,273,543 (2004: £1,314,000).

e) **Bank Loan**

As detailed in note 12 during the year the Company operated a loan facility with The Royal Bank of Scotland Group.