

# **Genus Management Services Limited**

## **Report and Financial Statements**

31 March 2004



# Genus Management Services Limited

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Registered No: 01809650

## **Directors**

R K Wood  
D P Timmins

## **Secretary**

D P Timmins

## **Auditors**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

## **Bankers**

Barclays Bank PLC  
51 Mosley Street  
Manchester  
M60 3DQ

## **Solicitors**

DLA  
3 Noble Street  
London  
EC2V 7EE

## **Registered Office**

da Vinci House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EQ

## Directors' Report

The directors present their annual report and the financial statements for the year ended 31 March 2004.

### Results and dividends

The profit for the year after taxation amounted to £51,000 (2003: £1,008,000). The directors do not recommend the payment of a dividend.

### Activities, business review and future developments

The company's principal activity during the year was the provision of management and corporate services to Genus plc and its subsidiary companies. On 1 April 2004 all of the company's assets and liabilities were transferred to its parent company Genus plc, which will provide management and corporate services within the Genus plc group in future.

### Charitable and political donations

During the year there were no charitable donations. There were no contributions for political purposes.

### Directors and their interests

The directors holding office during the year were as follows:

R K Wood

D P Timmins (appointed 29 March 2004)

M R D Roller (resigned 5 August 2003)

No director held interests in the company's shares. Details of director's interests in shares and share options of the parent company, Genus plc, are detailed in the annual report of that company.

### Employment policies

The company's policies respect the individual regardless of sex, race or religion. Full and fair consideration is given to applications for employment from disabled people. The services of employees who become disabled are retained wherever possible.

### Environmental policy

The directors recognise and accept that concern for the environment is an essential part of business strategy and seek to minimise risk to the environment by effective management of the company's activities.

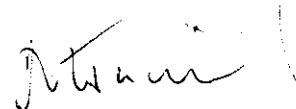
### Suppliers

The company endeavours to agree the terms of payment with suppliers prior to placing business. This ensures that suppliers are aware of these terms in advance. It is the company's policy to settle liabilities by the due date. At 31 March 2004 the company had an average of 15 days' purchases outstanding in trade creditors.

### Auditors

A resolution proposing the reappointment of Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



D P Timmins

Secretary

08 NOV 2004

## **Statement of directors' responsibilities in respect of the financial statements**

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 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, subject to any material departures disclosed and explained in the financial statements; 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

**to the members of Genus Management Services Limited**

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

## **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 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.

## **Independent auditors' report**

**to the members of Genus Management Services Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Manchester

Date *12 November 2004*

## Profit and loss account

for the year ended 31 March 2004

	Notes	2004 £000	2003 £000
<b>Turnover</b>		2,247	3,340
<b>Operating profit</b>	2	100	1,458
Interest payable and similar charges	3	(16)	(1)
<b>Profit on ordinary activities before taxation</b>		84	1,457
Tax on profit on ordinary activities	4	(33)	(449)
<b>Retained profit for the year</b>	15	51	1,008

## Statement of total recognised gains and losses

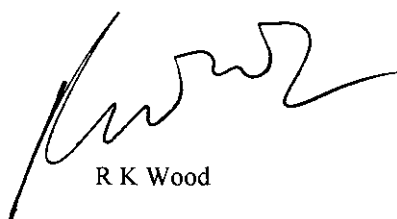
for the year ended 31 March 2004

There are no recognised gains and losses other than the profit for the financial year of £51,000 (2003: £1,008,000).

**Balance sheet****At 31 March 2004**

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>Fixed assets</b>			
Tangible assets	7	500	549
<b>Current assets</b>			
Debtors	8	4,451	4,371
Cash at bank and in hand		1	-
		<u>4,452</u>	<u>4,371</u>
<b>Creditors: amounts falling due within one year</b>	9	(5,837)	(6,107)
<b>Net current liabilities</b>		<u>(1,385)</u>	<u>(1,736)</u>
<b>Total assets less current liabilities</b>		<u>(885)</u>	<u>(1,187)</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(233)	-
<b>Provisions for liabilities and charges</b>	11	(18)	-
<b>Net liabilities</b>		<u>(1,136)</u>	<u>(1,187)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	(1,136)	(1,187)
<b>Deficit on equity shareholders' funds</b>	15	<u>(1,136)</u>	<u>(1,187)</u>

Approved by the Board on 8 November 2004  
and signed on their behalf



R K Wood

Director

## Notes to the accounts

at 31 March 2004

### 1. Accounting policies

#### Accounting convention and financial reporting standards

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis due to the continuing support of the ultimate parent undertaking, Genus plc.

#### Fixed assets, depreciation and amortisation

Fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the assets over their estimated lives on a straight line basis. The rates of annual depreciation on tangible fixed assets are as follows:

##### *Tangible assets:*

Leasehold buildings	Over the period of the lease
Equipment	5% - 33 $\frac{1}{3}$ %
Motor vehicles	20% - 30%
Aircraft	6%

The carrying values of other fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Leased assets

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their estimated useful lives. The capital elements of future lease obligations are included as liabilities on the balance sheet. The related finance charges are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### Pensions

The Genus plc group participates in the multi employer Milk Pension Fund Scheme, a defined benefit scheme, for some of the company's employees. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme. Contributions are therefore charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

A number of employees are members of defined contribution pension schemes. Contributions are charged to profit and loss as they become payable in accordance with the rules of the scheme. The assets of these schemes are held separately from those of the company.

#### Deferred taxation

Deferred taxation 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 future or a right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits/losses and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Notes to the accounts

at 31 March 2004

## 1. Accounting policies (continued)

### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

### Statement of cash flows

The company is exempt from producing a Statement of Cash Flows in these accounts, as it is a wholly owned subsidiary of another undertaking incorporated in the United Kingdom which has included a consolidated Statement of Cash Flows in its consolidated accounts.

## 2. Operating profit

Operating expenses comprise:	2004 £000	2003 £000
Administrative expenses	2,147	1,882
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
- audit services	53	58
- non-audit services	-	-
Depreciation of owned fixed assets	93	24
Depreciation of assets held under finance leases and hire purchase contracts	3	13
Operating lease rentals		
- plant and machinery	5	5
- land and buildings	61	11
Profit on sale of fixed assets	(1)	-

## 3. Interest payable and similar charges

	2004 £000	2003 £000
Bank loans and overdrafts	16	-
Finance charges payable under finance lease and hire purchase contracts	-	1
	16	1

## Notes to the accounts

at 31 March 2004

### 4. Taxation

#### (a) Analysis of tax charge on ordinary activities

	2004 £000	2003 £000
UK corporation tax	4	438
Adjustment in respect of previous periods – UK corporation tax	11	11
Total current tax (note 4 (b))	15	449
Deferred tax – origination and reversal of timing differences (note 11)	31	-
Adjustment in respect of previous periods – deferred tax (note 11)	(13)	-
Tax charge on profit on ordinary activities	33	449

#### (b) Factors affecting the tax charge for the year

The tax charge is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004 £000	2003 £000
Profit on ordinary activities before tax	84	1,457
Profit on ordinary activities before tax multiplied at standard rate of 30%	25	437
Effects of: -		
Expenses not deductible for tax purposes	10	16
Capital allowances in excess of depreciation	(4)	(31)
Movement in short term timing differences	(27)	16
Prior period adjustment	11	11
Current tax charge for the year	15	449

#### (c) Deferred tax

Deferred taxation provided and the amounts not provided in the financial statements are as follows:

	Provided		Unprovided	
	2004 £000	2003 £000	2004 £000	2003 £000
Capital allowances in advance of depreciation	38	-	-	(29)
Other short term timing differences	(20)	-	-	49
	18	-	-	20

## Notes to the accounts

at 31 March 2004

### 5. Directors' emoluments

	2004 £000	2003 £000
Emoluments	435	415
Compensation for loss of office	82	-
	<u>517</u>	<u>415</u>

Company contributions to money purchase pension schemes	<u>76</u>	<u>68</u>
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	2004 No	2003 No
Members of money purchase pension schemes	<u>1</u>	<u>2</u>

	2004 No	2003 No
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>

The amounts in respect of the highest paid director are as follows:

	2004 £000	2003 £000
Emoluments	<u>225</u>	<u>278</u>
Company contributions to money purchase pension schemes	<u>60</u>	<u>59</u>

### 6. Employees

Staff costs during the year amounted to:

	2004 £000	2003 £000
Wages and salaries	771	659
Social security costs	125	78
Other pension costs	82	124
	<u>978</u>	<u>861</u>

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

	2004 No	2003 No
Administration	<u>11</u>	<u>12</u>

## Notes to the accounts

at 31 March 2004

### 7. Tangible fixed assets

	<i>Leasehold buildings £000</i>	<i>Motor vehicles and equipment Owned £000</i>	<i>Leased £000</i>	<i>Total £000</i>
Cost:				
At 1 April 2003	15	535	38	588
Additions	-	63	-	63
Disposals	-	(3)	(38)	(41)
At 31 March 2004	15	595	-	610
Depreciation:				
At 1 April 2003	1	16	22	39
Charge in the year	5	88	3	96
Disposals	-	-	(25)	(25)
At 31 March 2004	6	104	-	110
Net book value:				
At 31 March 2004	9	491	-	500
At 31 March 2003	14	519	16	549

### 8. Debtors

	<i>2004 £000</i>	<i>2003 £000</i>
Trade debtors	-	1
Other debtors	22	483
Amounts owed by group undertakings	3,862	3,689
Prepayments and accrued income	71	56
Prepaid corporation tax recoverable	-	142
Other taxes and social security recoverable	496	-
	4,451	4,371

## Notes to the accounts

at 31 March 2004

### 9. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank loans (note 12)	76	-
Bank overdrafts	5,281	5,051
Obligations under finance leases (note 13)	-	9
Trade creditors	38	55
Other creditors	-	19
Corporation tax	4	438
Amounts owed to group undertakings	33	46
Other taxes and social security	25	25
Accruals and deferred income	380	464
	<u>5,837</u>	<u>6,107</u>

The bank overdraft is secured by fixed and floating charges over certain assets of the parent company and its subsidiaries.

### 10. Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Bank loans (note 12)	233	-
	<u>233</u>	<u>-</u>

### 11. Provisions for liabilities and charges

	2004 £000	2003 £000
Provisions for deferred taxation	18	-
	<u>18</u>	<u>-</u>

The movements in deferred taxation are as follows:

	£000
At 1 April 2003	-
Deferred tax charge in profit and loss account (note 4 (a))	31
Adjustment in respect of previous periods (note 4 (a))	(13)
At 31 March 2004	<u>18</u>

## Notes to the accounts

at 31 March 2004

### 12. Bank loans

	2004 £000	2003 £000
Amounts falling due:		
In one year or less or on demand	76	-
In more than one year but not more than two years	76	-
In more than two years but not more than five years	157	-
	<u>309</u>	<u>-</u>
Less: included in creditors – amounts falling due within one year	(76)	-
	<u>233</u>	<u>-</u>

### 13. Obligations under finance leases and hire purchase contracts

Finance leases and hire purchase contracts are analysed as follows:

	2004 £000	2003 £000
Due within one year (note 9)	-	9

### 14. Share capital

	2004		2003	
	No	£000	No	£000
<i>Authorised</i>				
Ordinary shares of £1	100	-	100	-
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
<i>Allotted and fully paid</i>				
Ordinary shares of £1	100	-	100	-
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

### 15. Movement on reserves and reconciliation of movements in shareholders' funds

	Share Capital £000	Profit and loss account £000	Total Share holders' Funds £000
At 1 April 2003	-	(1,187)	(1,187)
Profit for the year	-	51	51
At 31 March 2004	<u>-</u>	<u>(1,136)</u>	<u>(1,136)</u>

## Notes to the accounts

at 31 March 2004

### 16. Capital commitments

At 31 March 2004 no capital expenditure had been contracted for (2003: £nil).

### 17. Pensions

Employees of the Company are members of the multi employer Milk Pension Fund Scheme, a defined benefit scheme, contributions to which are determined by the aggregate membership and funding of the scheme. The assets and liabilities of the fund cannot be separately identified between group companies. Further details of the scheme are contained within the accounts of Genus plc, the ultimate parent company. The updated FRS17 valuation as at 31 March 2004 indicates that the group's share of the scheme showed a deficit of £7,500,000 at that date (2003: deficit £8,100,000).

In addition, the company operates a defined contribution pension scheme for the benefit of the employees. The assets of the defined contribution scheme are administered by trustees in a fund independent from those of the company. The unpaid contributions at the year end are £nil (2003: £nil).

### 18. Parent undertaking

The Company's immediate and ultimate parent undertaking and controlling party is Genus plc which has included the company in its group accounts, copies of which are available on request from its registered office at: da Vinci House, Basing View, Basingstoke, Hampshire, RG21 4EQ.

### 19. Operating lease commitments

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

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Expiring:				
- within one year	-	2	-	-
- between two and five years	60	1	61	13
	<u>60</u>	<u>3</u>	<u>61</u>	<u>13</u>