



**Swan Group Management
Services Limited**

(Registered number 2127675)

**Directors' report
and financial statements**

31 March 2002

Swan Group Management Services Limited

Directors' report and financial statements

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Swan Group Management Services Limited

Directors' report

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

Business review

The principal activity of the company during the year has been that of the provision of management services to other subsidiary companies of Swan Investments Group plc. The results for the year are set out on page 5 of the financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

R A Stephens

P A Stephens

The directors who held office at the end of the financial year had no interest in the shares of the company. The directors' interests in the share capital of the ultimate parent company, Swan Investments Group plc, are shown in that company's financial statements.

Tax status

The company qualifies as a close company as defined by the Income and Corporation Taxes Act 1988.

Swan Group Management Services Limited

Directors' report *(continued)*

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

By order of the board

A handwritten signature in dark ink, appearing to be 'R. E. L.', written in a cursive style.

Secretary

Inflite House
Stansted Airport
Stansted
Essex
CM24 1RY

Swan Group Management Services Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period 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
- 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.

Report of the independent auditors to the members of Swan Group Management Services Limited

We have audited the financial statements of Swan Group Management Services Limited for the year ended 31 March 2002 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

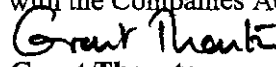
BASIS OF OPINION

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 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Grant Thornton

Chartered Accountants

Registered Auditors

Ipswich

25 October 2002

Swan Group Management Services Limited

Profit and loss account

for the year ended 31 March 2002

	<i>Note</i>	Year ended 31 March 2002 £	Year ended 31 March 2001 £
Turnover	2	1,850,000	1,730,000
Administrative and operating costs		(1,821,086)	(1,865,874)
Operating profit/(loss)		28,914	(135,874)
Interest receivable and similar income		-	12
Interest payable and similar charges	6	(14,786)	(45,832)
Profit/(loss) on ordinary activities before taxation	3-5	14,128	(181,694)
Tax on profit/(loss) on ordinary activities	7	(1,673)	31,028
Retained profit/(deficit) for the financial year	11	12,455	(150,666)

The notes on pages 7 to 10 form part of these financial statements.

Statement of recognised gains and losses

for the year ended 31 March 2002

There were no recognised gains or losses other than those included in the profit and loss account for 2002 or 2001.

Swan Group Management Services Limited

Balance sheet at 31 March 2002

	Note	31 March 2002	31 March 2001
		£	£
ASSETS			
Current assets			
Debtors	8	5,225,085	3,894,300
Cash at bank and in hand		-	-
		<u>5,225,085</u>	<u>3,894,300</u>
		<u>5,225,085</u>	<u>3,894,300</u>
LIABILITIES			
Capital and reserves			
Called up share capital	10	10,000	10,000
Profit and loss account	11	33,174	20,719
		<u>43,174</u>	<u>30,719</u>
Shareholders' funds	12	43,174	30,719
Creditors: amounts falling due within one year	9	<u>5,181,911</u>	<u>3,863,581</u>
		<u>5,225,085</u>	<u>3,894,300</u>

These financial statements were approved by the board of directors on 25 October 2002 and were signed on its behalf by:


Director

The notes on pages 7 to 10 form part of these financial statements.

Swan Group Management Services Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. On the grounds that it is a wholly-owned subsidiary undertaking, the company is exempt under Financial Reporting Standard No. 1 from the requirement to prepare a cashflow statement and under Financial Reporting Standard No. 8 from the requirement to disclose details of transactions with other group companies.

Taxation

The company is a member of a group and full payment at the effective rate is made or received in respect of tax losses transferred between group companies.

2 Turnover

Turnover represents amounts invoiced for services supplied excluding value added tax and is wholly derived in the United Kingdom.

3 Profit/(loss) on ordinary activities before taxation

	Year ended 31 March 2002 £	Year ended 31 March 2001 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	40,375	38,375
Other	10,500	8,500
Directors' emoluments (see note 4)	<u>1,502,344</u>	<u>1,188,632</u>

The auditors' remuneration and expenses are borne by the group management company as an overall fee for the group.

Swan Group Management Services Limited

Notes (continued)

4 Emoluments of directors

The emoluments, excluding pension contributions, of the highest paid director were £1,419,340 (2001: £1,097,238). No directors (2001: Nil) participated in pension schemes.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	Year ended	Year ended
	31 March	31 March
	2002	2001
Administration	3	4

The aggregate payroll costs of these persons were as follows:

	Year ended	Year ended
	31 March	31 March
	2002	2001
	£	£
Wages and salaries	1,576,984	1,620,132
Social security costs	180,997	194,915
Other pension costs	185	185
	<u>1,758,166</u>	<u>1,815,232</u>

6 Interest payable and similar charges

	Year ended	Year ended
	31 March	31 March
	2002	2001
	£	£
On bank loans, overdrafts and other loans	14,786	45,832
On hire purchase contracts	-	-
	<u>14,786</u>	<u>45,832</u>

Swan Group Management Services Limited

Notes (continued)

7 Taxation

	Year ended 31 March 2002 £	Year ended 31 March 2001 £
Current taxation		
Group relief	-	(57,928)
Corporation tax at an effective rate of 30%	1,673	-
Under/(over) provision in prior period	-	26,900
	<u>1,673</u>	<u>(31,028)</u>

The corporation tax assessed is lower than the standard rate of corporation tax of 30% (2001: 30%) due to the effect of capital allowances in excess of depreciation of £2,565 (2001: £3,420).

8 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	<u>5,225,085</u>	<u>3,894,300</u>
	<u>5,225,085</u>	<u>3,894,300</u>

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdraft	2,605,666	2,800,737
Amounts owed to group undertakings	2,181,755	692,294
Other creditors including taxation and social security	228,590	95,669
Accruals and deferred income	165,900	274,881
	<u>5,181,911</u>	<u>3,863,581</u>
Other creditors including taxation and social security comprises:		
Social security	148,167	95,297
Corporation tax	1,673	-
Other taxes (VAT)	78,750	372
	<u>228,590</u>	<u>95,669</u>

Swan Group Management Services Limited

Notes (continued)

10 Share capital

	2002 £	2001 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11 Profit and loss account

	£
At 1 April 2001	20,719
Profit for the financial year	12,455
At 31 March 2002	<u>33,174</u>

12 Reconciliation of movements in shareholders' funds

	Year ended 31 March 2002 £	Year ended 31 March 2001 £
Profit/(loss) for the financial year	12,455	(150,666)
Shareholders' funds at the beginning of the year	<u>30,719</u>	<u>181,385</u>
Shareholders' funds at the end of the year	<u>43,174</u>	<u>30,719</u>

13 Contingent liabilities

The company has guaranteed the overdrafts of certain of its fellow subsidiary undertakings; the amount outstanding at the year end was £Nil (2001: £Nil).

14 Ultimate parent company and controlling related party

The ultimate parent company is Swan Investments Group plc, a company incorporated in Great Britain and registered in England and Wales, the consolidated financial statements for which include the results of the company, are available to the public and may be obtained from Companies House.

The ultimate controlling related parties are Mr R A Stephens and Mrs P A Stephens by virtue of their holding in the shares of the parent undertaking.