

**AWG Central Services Ltd**  
**(Registered Number 04172712)**

**Directors' report and  
financial statements**

**31 March 2005**



## **AWG Central Services Limited**

### **Directors' report**

**For the year ended 31 March 2005**

The Directors present their report, together with the audited financial statements, for the year ended 31 March 2005.

### **Principal activities and business review**

The principal activity of the company is the provision of administration services to the group. The Directors do not foresee any significant changes in the activities or trading of the company in the coming year.

### **Results and dividends**

The results of the company for the year ended 31 March 2005 are set out on page 6. The Directors do not recommend the payment of a dividend (2004: £Nil). The profit for the financial year of £944,000 (2004: Loss for the financial year £918,000) has been transferred to reserves.

### **Directors and Directors' interests**

The Directors who served during the year and to the date of this report were:

P. Bell (resigned 4 June 2004)  
M. Keohane (resigned 30 July 2004)  
E. M. Mannis (resigned 30 June 2004)  
E. McEwan (resigned 15 April 2004)  
P. Firth (appointed 21 June 2004)  
G. M. Morgan (appointed 16 June 2004)

The interests of the Directors who were in office at the end of the year in the shares of AWG Plc and in options over such shares granted under that company's Share Schemes are set out below.

Interests in the ordinary shares of AWG Plc were as follows:

<u>Beneficial and family interest</u>	At 1 April 2004	Disposal	At 31 March 2005
	Number of Shares	Number of Shares	Number of Shares
P Firth	7,278	(7,278)	-

## **AWG Central Services Limited**

### **Directors' report**

**For the year ended 31 March 2005 (continued)**

### **Directors and Directors' interests (continued)**

The following contingent interests were held under the group's Long Term Incentive Plan:

	At 1 April 2004 Number of Shares	Allotted Number of Shares	Lapsed Number of Shares	At 31 March 2005 Number of Shares
P Firth	-	11,199	-	11,199

The long-term incentive share scheme is designed to encourage continuing improvement in the AWG Plc performance in terms of shareholder return over the longer term. Under the scheme, each participant is conditionally awarded a number of shares based on a value equating to a percentage of base salary. The proportion of the award to be released to each participant previously depended on the AWG Plc performance in terms of total shareholder return but in future years will depend on the AWG Plc performance in terms of earnings per share as defined in the scheme rules. No shares will be released for below median performance. Above the median level there will be a progressive release of shares up to 100 per cent of allocation. The release of shares to participants will be made three years after the initial award. Further details are shown in the AWG Plc annual report and accounts.

Interests in the AWG Plc Sharesave Scheme were as follows:

AWG Plc Sharesave Scheme					
	At 1 April 2004 Number of Shares	Options Granted Number of Shares	Options Lapsed Number of Shares	At 31 March 2005 Number of Shares	Price of options
P Firth	2,795	-	-	2,795	£3.38
G M Morgan	-	1,724	-	1,724	£4.28

Options granted under the Sharesave Scheme are exercisable within a period of six months after either the third, fifth or seventh anniversary of the date of the savings contract.

## **AWG Central Services Limited**

### **Directors' report**

**For the year ended 31 March 2005 (continued)**

### **Directors and Directors' interests (continued)**

Interests in the AWG Plc Executive Share Option Scheme were as follows:

	AWG Plc Executive Share Option Scheme			
	At 1 April 2004 Number of Shares	Options Granted Number of Shares	At 31 March 2005 Number of Shares	Weighted average price of option
P Firth	55,081	-	55,081	£5.36
G M Morgan	27,087	-	27,087	£5.39

Options granted under the Executive Share Option Scheme are exercisable during a period commencing on the third anniversary and ending on the tenth anniversary of the date of the grant.

No Director has any interest in the shares of group companies, other than those shown above.

None of the Directors had during the year or has a material interest in any contracts of significance to which the company or any other group company is or was a party.

**Directors' report**

**For the year ended 31 March 2005 (continued)**

**Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial period that 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. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

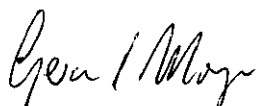
The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 March 2005 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

**Auditors**

Elective resolutions to dispense with the holding of annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force.

By Order of the Board



Director

Date: 17 October 2005

Registered No: 04172712

Registered Office:  
Anglian House  
Ambury Road  
Huntingdon  
Cambridgeshire  
PE29 3NZ

**Independent auditors' report to the member of  
AWG Central Services Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham

*PricewaterhouseCoopers LLP*

Date 17 October 2005

## **AWG Central Services Limited**

### **Profit and loss account for the year ended 31 March 2005**

	Notes	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
<b>Turnover</b>	2	<b>16,338</b>	44,764
Administrative expenses		<b>(15,341)</b>	(44,354)
Other operating income		<b>1,247</b>	-
<b>Operating profit</b>	3	<b>2,244</b>	410
Net Interest payable	4	<b>(622)</b>	(985)
<b>Profit / (Loss) on ordinary activities before taxation</b>		<b>1,622</b>	(575)
Taxation	5	<b>(678)</b>	(343)
<b>Profit / (Loss) for the financial year</b>	14	<b>944</b>	(918)

The company has no recognised gains or losses other than those included in the profit and loss account for the financial year above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit / (loss) on ordinary activities before and after taxation and the profit / (loss) for the financial year stated above and their historical cost equivalents.

All of the above results relate to continuing operations.

The notes on pages 8 to 16 form part of these financial statements.

**AWG Central Services Limited****Balance sheet****As at 31 March 2005**

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	553	2,898
<b>Current assets</b>			
Debtors	10	14,638	21,292
<b>Creditors (amounts falling due within one year)</b>	11	(14,535)	(24,826)
<b>Net current assets / (liabilities)</b>		103	(3,534)
<b>Total assets less current liabilities</b>		656	(636)
<b>Provisions for liabilities and charges</b>	6, 12	(432)	(84)
<b>Net assets / (liabilities)</b>		224	(720)
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	224	(720)
<b>Equity shareholder's funds</b>	15	224	(720)

The financial statement were approved by the Board of Directors on 17 October 2005 and signed on its behalf by:

  
DIRECTOR

The notes on pages 8 to 16 form part of these financial statements.



## **AWG Central Services Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2005**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

The following principal accounting policies and estimation techniques have been applied to the financial statements as stated.

#### **1. ACCOUNTING POLICIES**

##### **(1) Basis of accounting**

The Directors have prepared the accounts on the going concern basis. The Directors have received confirmation from AWG Plc, the company's immediate and ultimate parent undertaking, of its intention to financially support the company such that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of the accounts. The following principal accounting policies have been consistently applied:

##### **(2) Cash flow statement**

As the published consolidated financial statements of the ultimate holding company include a consolidated cash flow statement, the company has taken advantage of the exemption within FRS1 (revised 1996) and not presented its own cash flow statement.

##### **(3) Revenue recognition - recharges to group companies**

The charges are made to group companies (excluding value added tax) in the ordinary course of business for the provision of administrative services and are included in turnover when invoices are raised.

##### **(4) Tangible fixed assets and depreciation**

Tangible fixed assets are included at cost less accumulated depreciation. Additions are included at cost.

Tangible fixed assets are depreciated, once they are commissioned, at rates to write-off cost less the estimated residual value evenly over their estimated economic lives, which are principally as follows:

Computer Equipment	4.5 years
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**Notes to the financial statements**

**For the year ended 31 March 2005 (continued)**

**(5) Leased assets**

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs; the capital element reducing the obligation to the lessor and the finance costs being written off to the profit and loss account over the period of the lease. The assets are depreciated over the shorter of their estimated useful lives and the lease period.

All other leases are regarded as operating leases. Rental costs arising under operating leases are expensed over the term of the lease.

**(6) Pension costs**

The company is a member of the AWG Plc group, which operates two defined benefit schemes. Contributions to the group's pension schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the average service lives of employees, in accordance with the advice of an independent qualified actuary. Actuarial surpluses and deficits are amortised, where appropriate, over the average remaining service lives of employees in proportion to their expected payroll costs. Cost of defined contribution schemes is charged to the profit and loss account in the year in respect of which the contributions become payable.

**(7) Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise.

**2. Turnover**

The Directors consider that the whole of the activities of the company constitute a single class of business. Turnover constitutes the recharge of costs incurred by the company on behalf of the AWG Plc group.

**AWG Central Services Limited****Notes to the financial statements****For the year ended 31 March 2005 (continued)****3. Operating profit**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
The operating profit is stated after charging:		
Staff costs (see note 7)	<b>5,615</b>	6,299
Auditors' remuneration - for audit services	<b>3</b>	3
Depreciation	<b>930</b>	1,003
Operating lease costs	<b>54</b>	283

**4. Net interest payable**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	<b>444</b>	-
Bank interest payable	<b>(781)</b>	(287)
Interest payable on loan from group undertakings	<b>(285)</b>	(698)
Total interest payable	<b>(1,066)</b>	(985)
Net interest payable	<b>(622)</b>	(985)

**5. Taxation**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>The tax charge for the year comprised:</b>		
UK Corporation tax – current year charge	<b>194</b>	343
UK Corporation tax – adjustments in respect of prior years	<b>484</b>	-
Tax on profit / (loss) on ordinary activities	<b>678</b>	343

**Tax on profit / (loss) on ordinary activities comprises:**

UK Corporation Tax at 30% (2004: 30%)	<b>330</b>	425
Total current tax charge	<b>330</b>	425

**Deferred tax (Note 6)**

Charge for timing differences arising in the year - UK	<b>(136)</b>	(39)
Adjustments in respect of prior years	<b>484</b>	(43)
Total deferred tax charge / (credit)	<b>348</b>	(82)

**Tax on profit / (loss) on ordinary activities**

	<b>678</b>	343
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## **AWG Central Services Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2005 (continued)**

#### **5. Taxation (continued)**

Adjustments in respect of previous periods arise from the agreement of prior year tax computations.

#### **Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (loss) on ordinary activities before tax	<b>1,622</b>	<b>(575)</b>
Tax on profit / (loss) on ordinary activities at the standard UK rate (30 %)	<b>487</b>	<b>(173)</b>
Effects of:		
Items not deductible for tax purposes	<b>82</b>	<b>559</b>
Items not taxable – forgiveness of intra-group payable	<b>(374)</b>	<b>-</b>
Depreciation for the year in excess of capital allowances	<b>277</b>	<b>-</b>
Short term timing differences	<b>(142)</b>	<b>-</b>
Capital allowances for the year in excess of depreciation	<b>-</b>	<b>39</b>
Current tax charge for the year	<b>330</b>	<b>425</b>

#### **6. Deferred taxation**

Accelerated capital allowances	<b>(455)</b>	<b>84</b>
Short term timing differences	<b>887</b>	<b>-</b>
Undiscounted provision for deferred tax	<b>432</b>	<b>84</b>

The movement in deferred taxation is shown in note 12.

# AWG Central Services Limited

## Notes to the financial statements

For the year ended 31 March 2005 (continued)

### 7. Employee information

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs:		
Wages and salaries	<b>5,095</b>	5,331
Social security costs	<b>453</b>	550
Other pension costs (see note 16)	<b>67</b>	418
	<b>5,615</b>	6,299
Average number of full time equivalent persons employed in the UK:	<b>Number</b>	Number
Administration	<b>49</b>	77
	<b>49</b>	77

### 8. Directors' remuneration

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	<b>283</b>	1,282
Pension costs	<b>51</b>	335
	<b>334</b>	1,617
<b>Highest Paid Director</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	<b>181</b>	315
Pension costs	<b>33</b>	102
	<b>214</b>	417

Details of share options granted to Directors are shown under Directors' interests on pages 1 through 3.

Retirement benefits are accruing to two (2004: two) Directors under a defined benefit scheme. Details of the scheme are set out in the accounts of AWG Plc and the cost to the group included in the Directors' emoluments above.

# AWG Central Services Limited

## Notes to the financial statements

For the year ended 31<sup>st</sup> March 2005 (continued)

### 9. Tangible fixed assets

	Computer Equipment £'000
<b><u>Cost</u></b>	
At 1 April 2004	3,457
Additions	2,125
Disposals	(4,706)
31 March 2005	<u>876</u>
<b><u>Depreciation</u></b>	
At 1 April 2004	(559)
Charge for the year	(930)
Disposals	1,166
31 March 2005	<u>(323)</u>
<b><u>Net book value</u></b>	
At 31 March 2005	<u>553</u>
At 31 March 2004	<u>2,898</u>

### 10. Debtors (amounts falling due within one year)

	2005 £'000	2004 £'000
Trade debtors	73	453
Amounts owed by group undertakings	9,466	15,699
Other debtors	1,005	1,905
Prepayments and accrued income	4,094	3,235
	<u>14,638</u>	<u>21,292</u>

**AWG Central Services Limited****Notes to the financial statements****For the year ended 31 March 2005 (continued)****11. Creditors (amounts falling due within one year)**

	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
Bank overdrafts	4,264	2,203
Amounts owed to fellow subsidiary companies	-	3,000
Trade creditors	1,734	2,231
Amounts owed to group undertakings	990	2,949
Other taxes and social security costs	949	-
Accruals and deferred income	6,598	14,443
	<u>14,535</u>	<u>24,826</u>

Amounts owed to group undertakings includes £330,000 (2004: £425,000) in respect of group relief on taxation.

**12. Provisions for liabilities and charges****Deferred Tax**

	<u>£'000</u>
At 1 April 2004	84
Charge for the current year	(136)
Adjustments in respect of prior years	484
At 31 March 2005	<u>432</u>

Adjustments in respect of previous periods arise from the agreement of prior year tax computations.

## **AWG Central Services Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2005 (continued)**

#### **13. Share capital**

	<u>2005</u>	<u>2004</u>
	£	£
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

#### **14. Profit and loss account**

	£'000
At 1 April 2004	(720)
Profit for the financial year	944
At 31 March 2005	<u>224</u>

#### **15. Reconciliation of movement in shareholder's funds**

	<u>2005</u>	<u>2004</u>
	£'000	£'000
Profit / (Loss) for the financial year and movement in shareholder's funds	944	(918)
Opening shareholder's funds	(720)	198
Closing shareholder's funds	<u>224</u>	<u>(720)</u>

#### **16. Pension commitments**

The company is a member of the AWG Plc group. Pension arrangements for the majority of the group's UK employees are of the defined benefit type, through the AWG or Morrison Pension Life Assurance Plan pension scheme. These schemes are both of the defined benefit type, with assets held in a separately administered fund. Further details may be found within the financial statements of AWG Plc.

The schemes are valued every three years by a professionally qualified and independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the appropriateness of the rates. The latest published actuarial assessment of the schemes was at 31 March 2002. This showed a deficit of £71.3 million. Particulars of these valuations are contained in the accounts of AWG Plc.



**Notes to the financial statements****For the year ended 31 March 2005 (continued)****16. Pension commitments (continued)**

The share of assets and liabilities of the pension scheme which relates to employees of the company cannot be separately identified. Therefore, the scheme represents a defined contribution scheme for the company. The company's contributions to the scheme are fixed at a percentage of member's pensionable salary.

**17. Related party transactions**

As a wholly owned subsidiary of AWG Plc, advantage has been taken of the exemption granted in FRS 8 not to disclose related party transactions with other members of the group.

**18. Commitments under operating leases**

At 31 March 2005, the company had annual commitments under non-cancellable operating leases for assets, other than land and buildings, expiring as follows:

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Within one year	64	76
Between one and five years	21	69
At 31 March	<u>85</u>	<u>145</u>

**19. Contingent liabilities**

During the year the company entered into a cross guarantee arrangement relating to certain group companies' accounts at Barclays Bank Plc. Net indebtedness under this arrangement at 31 March 2005 was £Nil (2004: £Nil).

**20. Ultimate parent company and controlling party**

The company's immediate and ultimate parent undertaking and controlling party is AWG Plc, a company registered in England, copies of whose group accounts may be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire, PE29 3NZ.