

**New Direction Finance Information Systems
Limited**

**Directors' report and financial
statements**

Registered number 2947474

30 June 2001



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COMPANIES HOUSE 23/04/02

Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditor's report to the members of New Direction Finance Information Systems Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

Principal activities

The principal activity of the company is the provision of administration systems for financial products. The company does not carry out activities which are regulated under the Financial Services Act 1986.

Business review

The company has provided information technology systems for use by the group and external users.

Proposed dividend

The directors do not recommend the payment of a dividend (2000: *£nil*).

Directors and directors' interests

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

N H Elliott	(resigned 25 September 2000)
P J Allison	
A Stack	
S Jetha	
D Hawthorne	(resigned 7 January 2001)
S North	(resigned 28 February 2001)
E Korusoy	

None of the directors held any interests in the share capital of the company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

The interests of NH Elliott and A Stack in the ordinary share capital of the parent and other group companies and their rights to subscribe for shares therein, are disclosed in the directors' report of the parent company, New Direction Finance Ltd.

Company Status

The company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

Political and charitable donations

The company made no political or charitable donations during the year (2000: *£nil*).

Directors' report *(continued)*

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P A Williams
Secretary

Ziggurat Building
Grovesnor Road
St Albans
Hertfordshire
AL1 3HW

Statement of directors' responsibilities

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 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.



KPMG Audit Plc

Aquis Court
31 Fishpool Street
St Albans
Hertfordshire AL3 4RF
United Kingdom

Independent auditor's report to the members of New Direction Finance Information Systems Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of 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 as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 FEB 2002

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	2001 £000	2000 £000
Turnover	2	184	229
Gross profit		184	229
Administrative expenses		(140)	(158)
Operating profit		44	71
Profit on ordinary activities before taxation	3	44	71
Tax on profit on ordinary activities	6	(9)	(14)
Retained profit for the year	10	35	57

The notes on pages 7 to 11 form part of these financial statements.

There are no recognised gains or losses other than those disclosed above in the profit and loss account.

All results arise from continuing activities.


Balance sheet

at 30 June 2001

	Note	2001 £000	2000 £000
Current assets		671	254
Debtors	7	-	1
Cash at bank and in hand			
		<u>671</u>	<u>255</u>
Creditors: amounts falling due within one year	8	(421)	(40)
		<u>250</u>	<u>215</u>
Net assets			
Capital and reserves		1	1
Called up share capital	9	249	214
Profit and loss account	10		
		<u>250</u>	<u>215</u>
Equity shareholders' funds	11		

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 7 February 2002 and were signed on its behalf by:


 A Stack
 Director

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.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of New Direction Finance Ltd, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of New Direction Finance Ltd, within which this company is included, can be obtained from the address given in note 14.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

The company also contributes to individual personal defined contribution pension schemes for certain members of staff. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Notes (continued)

2 Turnover

All turnover is derived from commission and fees receivable on the provision of administration systems for lump sum and regular premium products.

All sales are made in the UK market.

Turnover is split between the principal areas of activity as follows:

	2001 £000	2000 £000
Sales commissions	184	200
Renewal income	-	29
	<u>184</u>	<u>229</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £000	2000 £000
Auditor's remuneration - audit	1	1
Hire of other assets - operating leases	5	5
	<u>6</u>	<u>6</u>

4 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments	81	68
Company contributions to money purchase pension schemes	9	-
	<u>90</u>	<u>68</u>

Part of the remuneration of the directors for services to the company were paid by the parent or fellow subsidiary undertakings. Retirement benefits are accruing to five directors (2000: nil) under money purchase schemes.

5 Staff numbers and costs

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

	Number of employees	
	2001	2000
Information technology	6	6

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	81	80
Social security costs	9	24
Other pension costs	7	-
	<hr/>	<hr/>
	97	104
	<hr/>	<hr/>

6 Taxation

	2001 £000	2000 £000
<i>UK corporation tax</i>		
Current tax on income for the year	9	14
	<hr/>	<hr/>

There is no unprovided deferred tax.

7 Debtors

	2001 £000	2000 £000
Trade debtors	6	33
Amounts owed by group undertakings	660	217
Other debtors	1	1
Prepayments and accrued income	4	3
	<hr/>	<hr/>
	671	254
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft	4	-
Taxation and social security	35	32
Accruals and deferred income	382	8
	<hr/>	<hr/>
	421	40
	<hr/>	<hr/>

Notes (continued)

9 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
Equity : 10,000 Ordinary shares of £1 each	10	10
<i>Allotted, called up and fully paid</i>		
Equity : 1,000 Ordinary shares of £1 each	1	1

10 Profit and loss account

	£000
At beginning of year	214
Retained profit for the year	35
At end of year	249

11 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Profit for the financial year	35	57
<i>Net addition to shareholders' funds</i>	35	57
Opening shareholders' funds	215	158
Closing shareholders' funds	250	215

12 Commitments

- (a) There were no unprovided capital commitments at the end of the financial year.
- (b) Annual commitments under non-cancellable operating leases are as follows:

	2001 £000	2000 £000
Land and buildings:		
Within one year	5	-
In the second to fifth years inclusive	-	5
	5	5

Notes *(continued)*

13 Related party disclosures

The company is exempt under FRS8 from disclosure of transactions with entities that are part of the group headed by New Direction Finance Limited on the grounds that more than 90% of its voting rights are controlled within the group.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of New Direction Finance Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by New Direction Finance Limited, registered in England and Wales. The consolidated accounts of the group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ. No other group accounts include the results of the company.