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GOLDEN CHARTER LIMITED

ABBREVIATED ACCOUNTS

Year ended 31 March 2003

Company Number: 02511598



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GOLDEN CHARTER LIMITED

ABBREVIATED ACCOUNTS

Year ended 31 March 2003

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DIRECTORS AND ADVISERS

Directors

J Andrew Harvey CA
Peter T O'Neill (resigned 10 October 2003)
Alan J Kee BA
Jeremy West
John F Harris
Charles P Nethercott
Ian M Barnett

Secretary and Registered Office

Gordon A Fergusson
Crowndale House
1 Ferdinand Place
Camden
London
NW1 8EE

Company Address

Melville House
70 Drymen Road
Bearsden
Glasgow
G61 2RP

Auditors

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Solicitors

McClure Naismith
292 St Vincent Street
Glasgow
G2 5TQ

Bankers

Lloyds TSB Bank (Scotland) PLC
180 West George Street
Glasgow
G2 2NR

DIRECTORS' REPORT

The directors submit their report and the audited accounts of the company for the year ended 31 March 2003.

Directors' responsibilities

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 of fraud and other irregularities.

Principal activities

The principal activity of the company is the marketing, promotion, sale and administration of a comprehensive range of funeral plans throughout the UK.

Business review and future prospects

The Company remains registered with the Funeral Planning Authority as a provider of funeral plans. Regulation of the funeral planning industry was introduced by HM Treasury through the Financial Services and Markets Act 2000.

The Directors are satisfied with performance during the year and believe the company's prominent position in the marketplace has been maintained. It is expected that the funeral planning market will continue to grow and the company is well placed to share in that. The outlook for 2003/2004 remains sound and the directors continue to examine ways to improve the services on offer plus other associated initiatives.

Profit and dividends

The results for the year are shown on page 6. No interim dividend was paid during the year. In 2002 an interim dividend of £0.20 was paid to SAIF Charter Trust, with all other shareholders waiving their entitlement to any dividend for that year. The directors do not recommend the payment of further dividends.

Directors and their interests

The interests of the directors in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 March 2003	31 March 2002
J Andrew Harvey	70,000	70,000

No other directors have an interest in the shares of the company.

DIRECTORS' REPORT (cont'd)

Charitable donations

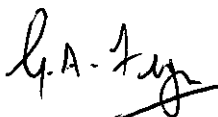
Golden Charter are corporate sponsors of the Woodland Trust and have an exclusive arrangement to fund the planting of trees for plans sold. During the year the amount donated was £88,180 (2002 : £83,300).

Other donations made by the company for charitable purposes amounted to £1,354 (2002: £1,181).

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution to re-appoint Scott-Moncrieff as auditors will be put to the Members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'G.A. Fergusson', written over the printed name.

GORDON A FERGUSSON

Company Secretary

29 January 2004

AUDITORS' REPORT TO GOLDEN CHARTER LIMITED UNDER SECTION 247B
OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 17 together with the accounts of the company for the year ended 31 March 2003 prepared under section 226 of the Companies Act 1985 (the full accounts).

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with that provision.

Other information

On 29 January 2004 we reported as auditors to the members of the company on the accounts prepared under Section 226 of the Companies Act 1985 and our report included the following paragraphs:

"In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the potential uncertainty of the VAT exempt status of the company. We have noted the opinion of Senior Counsel obtained by the company to the effect that the company makes exempt supplies.

No provision has been made in these financial statements for any VAT liability that would arise should the VAT exempt status of the company change. Details of the circumstances relating to this fundamental uncertainty are described in Note 17. Our opinion is not qualified in this respect.



SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditors

25 Bothwell Street
Glasgow G2 6NL

29 January 2004

ABBREVIATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2003

	Note	2003 £	2002 £
GROSS PROFIT		3,310,093	3,863,933
Administrative expenses		2,937,857	2,928,759
OPERATING PROFIT		372,236	935,174
Interest payable	1	52,874	51,882
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	319,362	883,292
Taxation	4	88,819	405,194
PROFIT FOR YEAR		230,543	478,098
Dividend		-	40,000
RETAINED PROFIT	13	230,543	438,098

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the profit for the year.

The statement of accounting policies and notes on pages 8 to 17 form part of these accounts.

BALANCE SHEET

31 MARCH 2003

	Note	2003 £	(As restated) 2002 £
FIXED ASSETS			
Tangible assets	5	348,941	476,610
Investments	6	83,479	83,479
		<u>432,420</u>	<u>560,089</u>
CURRENT ASSETS			
Stocks	7	199,031	267,622
Debtors	8	5,906,953	5,935,690
Cash at bank and on hand		470	45,008
		<u>6,106,454</u>	<u>6,248,320</u>
CREDITORS: amounts falling due within one year	9	3,106,337	3,339,829
NET CURRENT ASSETS		<u>3,000,117</u>	<u>2,908,491</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,432,537</u>	<u>3,468,580</u>
CREDITORS: amounts falling due after more than one year	10	2,446,754	2,713,340
NET ASSETS		<u><u>985,783</u></u>	<u><u>755,240</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	200,000	200,000
Profit and loss account	12	785,783	555,240
SHAREHOLDERS' FUNDS - EQUITY	13	<u><u>985,783</u></u>	<u><u>755,240</u></u>

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.



IAN M BARNETT

Director

29 January 2004

The statement of accounting policies and notes on pages 8 to 17 form part of these accounts.

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	14	124,994	387,375
Returns on investments and servicing of finance	1	(52,874)	(51,882)
		<u>72,120</u>	<u>335,493</u>
Taxation		(377,907)	(50,194)
Capital expenditure	16	49,215	(50,292)
Financing	16	(173,810)	(160,166)
(Decrease)/increase in cash	15	<u>(430,382)</u>	<u>74,841</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/increase in cash		(430,382)	74,841
Repayment of hire purchase creditor		92,985	78,775
Repayment of bank loan		80,825	81,391
New hire purchase agreements		(79,368)	(30,000)
Change in net funds		<u>(335,940)</u>	<u>205,007</u>
Net debt at 1 April 2002	15	(311,691)	(516,698)
Net debt at 31 March 2003	15	<u>(647,631)</u>	<u>(311,691)</u>

The statement of accounting policies and notes on pages 8 to 17 form part of these accounts.

STATEMENT OF ACCOUNTING POLICIES

(i) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(ii) The accounts present information about the company as an individual undertaking and not about the group.

Group accounts have not been prepared as permitted under Section 248(1) of the Companies Act 1985 on the grounds that the group qualifies as a medium sized group.

(iii) Turnover

Turnover represents funds payable to the company by the Golden Charter Trust from the proceeds of sale of pre-paid funeral plans in the year, net of contributions rebated to the Trust by the Company.

(iv) Tangible fixed assets

Depreciation is provided on all tangible fixed assets in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost of the assets.

The following principal rates are used:

Office equipment	:	10% to 20%
Motor vehicles	:	25%

(v) Hire purchase contracts

Assets held under hire purchase contracts are capitalised and the corresponding liability to pay instalments is shown net of interest as hire purchase creditors. The capitalised values are written off in line with the depreciation policy above. Interest is charged to the profit and loss account on a straight line basis.

(vi) Stocks

Stocks comprise consumable stocks held by the company and its outlets valued at cost.

(vii) Deferred taxation

Full provision is made under the liability method for taxation deferred in respect of accelerated capital allowances and other timing differences.

(vii) Operating leases

Payments made under operating leases are charged to profit and loss account when incurred.

(ix) Pension scheme

The company contributes to several defined contribution pension schemes. The profit and loss charge represents the costs to the company.

NOTES ON THE ABBREVIATED ACCOUNTS

Year ended 31 March 2003

	2003 £	2002 £
1. Interest payable		
Bank loan and overdraft interest	44,656	44,833
Hire purchase interest	10,872	11,134
	<u>55,528</u>	<u>55,967</u>
Interest received	(2,654)	(4,085)
	<u>52,874</u>	<u>51,882</u>
2. Profit on ordinary activities before taxation		
The profit is stated after charging:		
Depreciation of tangible fixed assets	182,316	214,153
Auditors' remuneration	13,000	13,000
Operating lease costs - plant and equipment	16,543	14,572
- property rental	82,200	82,200
Related party balances written off	88,265	241,653
	<u>380,324</u>	<u>565,578</u>
3. Directors and other employees		
The average number of persons employed by the company during the year was 41 (2002: 39).		
Staff costs comprise:		
Wages and salaries	1,183,493	1,057,687
Social security costs	103,054	87,703
Pension costs	45,516	28,543
	<u>1,332,063</u>	<u>1,173,933</u>

Included within wages and salaries are payments amounting to £70,000 (2002: £70,000) under the terms of the agreement detailed in note 18.

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

The remuneration of the directors was as follows:

	2003 £	2002 £
Emoluments	382,717	290,567
Company contributions to money purchase schemes in relation in relation to directors' pensions	20,292	19,228
	<u>403,009</u>	<u>309,795</u>

Three directors are accruing pension benefits under a money purchase scheme

Emoluments paid to highest paid director (including benefits in kind)

130,414	120,718
<u>130,414</u>	<u>120,718</u>

Company contributions to money purchase schemes in relation to highest paid director

9,000	9,120
<u>9,000</u>	<u>9,120</u>

4. Taxation

The tax charge based on the profit for the year is made up as follows:

UK Corporation tax		
- current year	115,912	405,000
- prior year (overprovision)/underprovision	(27,093)	194
	<u>88,819</u>	<u>405,194</u>

The tax assessed for the year differs from the standard rate of tax as follows:

Profit on ordinary activities before tax	319,362	883,292
Profit on ordinary activities at a standard rate of 30% (2002: 30%)	95,809	264,987
Related party balances written off	-	72,208
Expenses not deductible for tax purposes	29,932	12,610
Depreciation in excess of capital allowances	(8,571)	28,505
Overprovision	-	26,690
Marginal relief	(1,258)	-
	<u>115,912</u>	<u>405,000</u>

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

	Motor vehicles £	Office Equipment £	Total £
5. Tangible fixed assets			
<i>Cost:</i>			
At 1 April 2002	360,668	1,127,150	1,487,818
Additions	120,851	37,902	158,753
Disposals	(280,379)	-	(280,379)
At 31 March 2003	<u>201,140</u>	<u>1,165,052</u>	<u>1,366,192</u>
<i>Depreciation:</i>			
At 1 April 2002	167,712	843,496	1,011,208
Charge for year	70,828	111,488	182,316
On disposals	(176,273)	-	(176,273)
At 31 March 2003	<u>62,267</u>	<u>954,984</u>	<u>1,017,251</u>
<i>Net book amount:</i>			
At 31 March 2003	<u>138,873</u>	<u>210,068</u>	<u>348,941</u>
At 31 March 2002	<u>192,956</u>	<u>283,654</u>	<u>476,610</u>

Assets held under hire purchase contracts at the year end cost £185,297 (2002: £269,093). Their net book value is £136,557 (2002: £177,880) and depreciation charged in the year was £34,994 (2002: £65,727).

6. Investments	£
Shares in subsidiary at 1 April 2002 and 31 March 2003	<u>83,479</u>

The company holds 100% of the share capital of Golden Charter (Scotland) Limited, registered in Scotland, being 100,000 ordinary shares of £1 each. The subsidiary did not trade during the year.

Group accounts have not been prepared as permitted by Section 248(1) of the Companies Act 1985. Aggregate capital and reserves of the subsidiary company were as follows:

	2003 £	2002 £
Capital and reserves	<u>83,479</u>	<u>83,479</u>

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

	2003 £	2002 £
7. Stocks		
Stock of consumables	<u>199,031</u>	<u>267,622</u>
8. Debtors		
Prepayments and other debtors	265,016	273,028
Amount due from Golden Charter (Scotland) Trust	550	550
Amount due from Golden Charter Trust	669,832	551,820
Instalment debtors	<u>4,971,555</u>	<u>5,110,292</u>
	<u>5,906,953</u>	<u>5,935,690</u>

Instalment debtors

Included in instalment debtors is £2,485,777 (2002: £2,555,146) which is receivable outwith one year.

During the year the directors of the company received legal advice regarding the accounting treatment of instalment debtors. In previous years the appropriate proportion of instalment debtors were recognised in the Trust and the Company when a funeral plan was sold. However, the Golden Charter Trust has no legal right to this debtor until the planholder pays the instalment to the Company at which time the Company is required to remit these funds to the Trust with the appropriate proportion then being remitted to the Company. Accordingly instalment debtors are included above in debtors with the proportion payable to Golden Charter Trust when settled included in creditors. The 2002 figures has been re-stated to reflect this change.

These adjustments do not affect the net current assets position.

9. Creditors: amounts falling due within one year	2003 £	2003 £
Bank term loan (note 10)	99,504	99,504
Bank overdraft	385,844	-
Trade creditors	234,627	132,154
Accruals	193,045	458,868
Amounts due to Golden Charter (Scotland) Ltd	74,457	74,552
Hire purchase creditor	40,123	48,226
Other taxes and social security costs	59,891	38,343
Corporation tax	115,912	405,000
Amount due to Golden Charter Trust	305,000	305,000
Proportion of instalment debtors payable to Golden Charter Trust when settled	<u>1,597,934</u>	<u>1,778,182</u>
	<u>3,106,337</u>	<u>3,339,829</u>

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

9. Creditors: amounts falling due within one year (cont'd)

Amount due to Golden Charter Trust

The creditor relates to amounts owed to the Trust in respect of plan sales not yet remitted to the Trust. In the prior year accounts, this amount was netted off against instalment debtors. The effect of this adjustment has been to increase debtors and creditors by £1,031,190, 2002 figures have similarly been re-stated.

Since the year end the company has repaid £200,000 to the Trust.

	2003 £	2002 £
10. Creditors: amounts falling due after more than one year		
Amount due to Golden Charter Trust (see note 9)	726,190	726,190
Hire purchase creditor	42,570	48,084
Bank term Loan	80,060	160,885
Proportion of instalment debtors payable to Golden Charter Trust when settled	1,597,934	1,778,181
	<u>2,446,754</u>	<u>2,713,340</u>

The bank borrowing is secured by a bond and floating charge over the assets of the company.

	2003 £	2002 £
Amounts repayable after more than one year include:		
i) Hire purchase creditor		
Repayable between one and two years	30,123	35,417
Repayable between two and five years	12,447	12,667
	<u>42,570</u>	<u>48,084</u>
ii) Bank term loan		
Repayable between one and two years	80,060	78,601
Repayable between two and five years	-	82,284
	<u>80,060</u>	<u>160,885</u>

The bank term loan is secured by a bond and floating charge over the assets of the company and is repayable in equal monthly instalments with interest charged at 3% over the Bank's base rate.

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

11.	Called up share capital	2003 £	2002 £
	Authorised:		
	200,000 ordinary shares of £1 each	200,000	200,000
	Allotted and fully paid:		
	200,000 ordinary shares of £1 each	200,000	200,000
12.	Profit and loss account	2003 £	2002 £
	At 1 April 2002	555,240	117,142
	Retained profit for year	230,543	438,098
	At 31 March 2003	785,783	555,240
13.	Reconciliation of movement in shareholders' funds		
	Profit for year	230,543	478,098
	Dividend	-	40,000
	Net addition to shareholders' funds	230,543	438,098
	Opening shareholders' funds	755,240	317,142
	Closing shareholders' funds	985,783	755,240
14.	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	372,236	935,174
	Depreciation charges	182,316	214,153
	Gain on sale of fixed assets	(24,494)	(1,885)
	Decrease in stocks	68,591	94,979
	Decrease (increase) in debtors	28,737	(5,176,423)
	Decrease in creditors	(502,392)	4,321,377
	Net cash inflow from operating activities	124,994	387,375

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

15.	Analysis of changes in net debt	At 31 March 2002 £	Cash flow £	Other changes £	At 31 March 2003 £
	Cash	251	219	-	470
	Overdraft/bank	44,757	(430,601)	-	(385,844)
		<u>45,008</u>	<u>(430,382)</u>	<u>-</u>	<u>(385,374)</u>
	Debt due within one year:				
	Hire purchase creditor	(48,226)	48,226	(40,123)	(40,123)
	Bank loan	(99,504)	99,504	(99,504)	(99,504)
		<u>(147,730)</u>	<u>147,730</u>	<u>(139,627)</u>	<u>(139,627)</u>
	Debt due after one year:				
	Hire purchase creditor	(48,084)	44,759	(39,245)	(42,570)
	Bank loan	(160,885)	(18,679)	99,504	(80,060)
		<u>(208,969)</u>	<u>26,080</u>	<u>60,259</u>	<u>(122,630)</u>
	Total	<u>(311,691)</u>	<u>(256,572)</u>	<u>(79,368)</u>	<u>(647,631)</u>
16.	Analysis of cash flows for headings netted in cash flow statement:			2003 £	2002 £
	Capital expenditure:				
	Purchase of tangible fixed assets			(79,385)	(54,092)
	Sale of tangible fixed assets			128,600	3,800
				<u>49,215</u>	<u>(50,292)</u>
	Financing:				
	Capital element of hire purchase repayments			(92,985)	(78,775)
	Capital element of bank loan repayments			(80,825)	(81,391)
				<u>(173,810)</u>	<u>(160,166)</u>
17.	Contingent liabilities				

The company has granted to its bankers a guarantee in respect of advances to Golden Charter (Scotland) Limited and to Golden Charter International Limited.

The company's auditors have raised concerns following decisions reached in certain court cases, that the company's turnover may not be wholly exempt from VAT and recommended that an approach be made by the directors to Customs & Excise to clarify the VAT status of the company. The company has obtained Senior Counsel's opinion which is to the effect that the company makes exempt supplies. Customs & Excise have been asked to confirm the position. No provision has been made in these financial statements for any VAT liability that would arise should the VAT exempt status of the company change.

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

18. Financial commitments

- (a) The company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
Within 2 to 5 years	-	-	-	-
After 5 years	82,200	-	82,200	-
	<u>82,200</u>	<u>-</u>	<u>82,200</u>	<u>-</u>

- (b) On 27 June 2000, following Mr G Kee's resignation as a director due to ill health, the board agreed to make payment of five equal annual amounts of £70,000 payable in equal monthly instalments commencing 1 August 2000. Mr G Kee died on 12 May 2002, as such the payments will continue to be made to his estate.
- (c) In July 2000 the company entered into a management services agreement with Clyde Associated Group Limited. The annual fee is £222,075 payable in equal monthly amounts. The agreement will be reviewed annually. The agreement states that for the first twelve months after Mr Kee's death, the full fee of £222,075 will be payable. For the following two years, half of this fee will be paid annually and for the two years following that the annual fee will be quartered.
- (d) Due to the continuing decline in stock markets, the company is currently making monthly contributions to the Golden Charter Trust, ranging from £75,000 to £125,000 to improve the funding position of the Trust.

NOTES ON THE ABBREVIATED ACCOUNTS (Cont'd)

Year ended 31 March 2003

19. Related Party Transactions

Turnover represents funds payable to the company by the Golden Charter Trust from the proceeds of sale of pre-paid funeral plans in the year. Mr J Andrew Harvey is a trustee of The Golden Charter Trust.

During the year the company made payments totalling £880,000 and £225,000 to Golden Charter Trust and Golden Charter (Scotland) Trust respectively. As noted at note 18(d), these payments have been made to improve the funding position of the respective Trusts. Information on the amounts due from Golden Charter Trust and Golden Charter (Scotland) Trust, are given in note 8 to the accounts. Contained within the figure for prepayments and other debtors is an amount of £10,000 due from Golden Charter (USA).

Payments totalling £108,880 were made to SAIF Charter in the year in respect of advertising costs.

Information on outstanding amounts due to its subsidiary company, Golden Charter (Scotland) Limited, are given in note 9 to the accounts.

During the year the company incurred charges for services carried out by Clyde Associated Group Limited and Clyde Associated Consultants Limited, companies in which Mr G H Kee had a material interest. The total value of the transactions during the year ended 31 March 2003 was £260,885 (2002: £282,918). At 31 March 2003 a balance of £11,640 was due by Clyde Associated Group Limited.

At the year end an amount of £200,000 was owed from Harkeens Ltd, a company in which Mr J Andrew Harvey has a material interest.

Full provision was made in 2002 against an amount of £30,038 owed from Mac Distribution Ltd, a company in which J Andrew Harvey has a material interest.

Full provision was made in 2002 against an amount of £211,615 owed from Golden Charter (Ireland) Ltd, a company in which Mr J Andrew Harvey has a material interest. At 31 March 2003 the company has made a further full provision of £88,265.

At the year end £12,024 was owed to the company by The Late Mr G H Kee's Estate. The maximum amount owed during the year was £12,024.