

**BUDGENS CARD SERVICES LIMITED**

Registered No. 4314277

**ANNUAL REPORT FOR THE FINANCIAL PERIOD FROM 29 APRIL 2002  
TO 31 DECEMBER 2002**



# Budgens Card Services Limited

## Annual report for the period ended 31 December 2002

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Registered No. 4314277

### **DIRECTORS AND OTHER INFORMATION**

#### **DIRECTORS**

S J Pyper  
M J Taylor

#### **SECRETARY**

R W Hare

#### **AUDITORS**

PricewaterhouseCoopers LLP  
West London office  
Harman House  
1 George Street  
Uxbridge  
UB8 1QQ

#### **BANKERS**

Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

#### **REGISTERED OFFICE**

Stonefield Way  
Ruislip  
Middlesex  
HA4 0JR

# Budgens Card Services Limited

## Annual report for the period ended 31 December 2002

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### DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the financial period from 29 April 2002 to 31 December 2002.

#### CHANGE OF ACCOUNTING REFERENCE DATE

On 9 December 2002, the company changed its accounting reference date from 28 April to 31 December to coincide with the accounting reference date of Musgrave Group plc, the ultimate holding company. The accounts therefore cover an eight-month accounting period.

#### PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND DEVELOPMENTS

The principal activity of the company continued to be that of acting as a merchant acquirer company, handling credit and debit card transactions for the Budgens group. The company commenced trading on 26 October 2001.

On 21 June 2002, it was announced that the Independent Directors of the parent undertaking, Budgens plc and the board of Musgrave Group plc had reached agreement on the terms of a recommended cash offer. The offer, at 135p per share, was made by Hawkpoint and AIB Corporate Finance on behalf of Musgrave Investments plc, a wholly-owned subsidiary of Musgrave Group plc to acquire the entire issued and to be issued ordinary share capital of Budgens plc not already owned by Musgrave.

Subsequently on 31 July 2002, all conditions were satisfied and Musgrave Group plc completed its acquisition of Budgens plc. It is envisaged that Budgens plc will continue to operate as a fully autonomous division of Musgrave Group plc and will continue to develop and grow.

On 16 September 2002, Budgens plc was de-listed from the London Stock Exchange.

On 24 October 2002 a resolution was passed in order for Budgens plc to change its name to Budgens Limited.

#### RESULTS AND DIVIDENDS

The profit for the period after taxation was £1,284,580 (22 weeks ended 28 April 2002: £748,171). The directors do not recommend the payment of a dividend (22 weeks ended 28 April 2002: £ nil).

#### DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period were as follows:

S J Back	(resigned 7 October 2002)
C D L Williams	(resigned 4 October 2002)
S J Pyper	(appointed 7 October 2002)
M J Taylor	(appointed 4 October 2002)

During the current financial period, as a result of the acquisition by Musgrave Group plc, directors of the company who had options outstanding over the ordinary shares in Budgens plc exercised all their options prior to its delisting on 16 September 2002.

As all the directors of the company were also directors of Budgens Stores Limited the exercise of these options is disclosed in its directors report.

The directors who held office at the end of the financial period have no other interests in any body corporate in the Musgrave Group plc group.

# Budgens Card Services Limited

Annual report for the period ended 31 December 2002

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## DIRECTORS' REPORT (CONTINUED)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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.

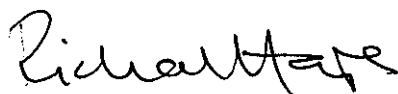
The directors confirm that suitable accounting policies have been used and applied consistently in the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the financial period from 29 April 2002 to 31 December 2002 and 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

Ernst & Young LLP, resigned as auditors on 24 July 2003 and PricewaterhouseCoopers LLP have been appointed in their place. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the board



R Hare  
Company Secretary

21 December 2003

## **Independent auditors' report to the member of Budgens Card Services Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

### **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.

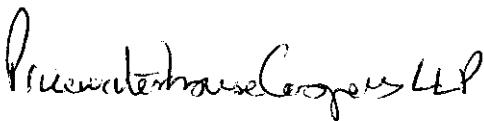
### **Basis of audit opinion**

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 December 2002 and of its profit for the financial period from 29 April 2002 to 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London

21 December 2003

# Budgens Card Services Limited

## PROFIT AND LOSS ACCOUNT

For the financial period from 29 April 2002 to 31 December 2002

		<i>8 Months ended 31 December 2002</i>	<i>22 Weeks ended 28 April 2002</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Turnover		2,603,345	1,602,618
Cost of sales		(764,663)	(516,551)
<b>GROSS PROFIT</b>		<b>1,838,682</b>	<b>1,086,067</b>
Administrative expenses		(19,198)	(27,730)
<b>OPERATING PROFIT</b>	<b>2</b>	<b>1,819,484</b>	<b>1,058,337</b>
Net interest receivable	<b>4</b>	<b>4,274</b>	<b>21,834</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,823,758</b>	<b>1,080,171</b>
Tax on profit on ordinary activities	<b>5</b>	(539,178)	(332,000)
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	<b>8</b>	<b>1,284,580</b>	<b>748,171</b>

All items dealt with in arriving at the retained profits for both periods relate to continuing activities.

There are no differences between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

There are no recognised gains or losses other than those passing through the profit and loss account and, accordingly, no separate statement of total recognised gains and losses has been prepared.


# Budgens Card Services Limited

## BALANCE SHEET

As at 31 December 2002

	31 December 2002	28 April 2002
Note	£	£
<b>CURRENT ASSETS</b>		
Amount receivable from a fellow group undertaking	4,356,463	653,779
Cash at bank and in hand	1,312,610	1,953,820
	<u>5,669,073</u>	<u>2,607,599</u>
<b>CREDITORS: Amounts falling due within one year</b>	6 (3,636,321)	(1,859,427)
<b>NET ASSETS</b>	<u>2,032,752</u>	<u>748,172</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	7 1	1
Profit and loss account	8 2,032,751	748,171
<b>EQUITY SHAREHOLDERS' FUNDS</b>	9 <u>2,032,752</u>	<u>748,172</u>

The financial statements on pages 5 to 10 were approved by the board of directors on 21 December 2003 and were signed on their behalf by:



SJ Pyper  
Director

# Budgens Card Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 29 April 2002 to 31 December 2002

### 1. ACCOUNTING POLICIES

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

#### *Basis of preparation*

The financial statements have been prepared on a going concern basis. The following are the principal accounting policies used by the company, which, unless otherwise stated, are consistent with those of the previous years.

#### *Turnover*

The Turnover represents amounts derived primarily from card handling fees from other group companies, all of which arose within the United Kingdom.

### 2. OPERATING PROFIT

Operating profit is stated after charging:

	<i>8 Months ended 31 December 2002 £</i>	<i>22 Weeks ended 28 April 2002 £</i>
Auditors' remuneration – audit services	2,019	3,000

### 3. DIRECTORS AND EMPLOYEES

In respect of Budgens Card Services Limited, remuneration of the directors is £ nil (22 weeks ended 28 April 2002: £ nil). All directors are either employees of Budgens Limited or Budgens Stores Limited and were remunerated by the respective companies for their services as Budgens' employees.

During the current financial period, 3 directors (22 weeks ended 28 April 2002: nil) exercised their options over 10p shares of Budgens Limited.

The company has no employees (22 weeks ended 28 April 2002: Nil).

### 4. NET INTEREST RECEIVABLE

	<i>8 Months ended 31 December 2002 £</i>	<i>22 Weeks ended 28 April 2002 £</i>
Bank interest receivable	4,274	21,834

# Budgens Card Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>8 Months ended 31 December 2002 £</i>	<i>22 Weeks ended 28 April 2002 £</i>
Current tax		
UK Corporation tax on profits	547,127	332,000
Adjustment to corporation tax in respect of previous period	(7,949)	-
Total current tax	<u>539,178</u>	<u>332,000</u>
Factors affecting tax charge are as follows:		
The tax assessed on the company's profit on ordinary activities for the period differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 30% due to:		
Profit on ordinary activities before tax	<u>1,823,758</u>	<u>1,080,171</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	547,127	324,051
Effects of:		
Expenses not deductible for tax purposes	-	7,949
Adjustment to corporation tax in respect of previous period	(7,949)	-
	<u>539,178</u>	<u>332,000</u>

There is no unprovided deferred tax (28 April 2002: £ nil).

### 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>31 December 2002 £</i>	<i>28 April 2002 £</i>
Amount owed to a fellow group undertaking	2,396,837	1,332,426
Corporation tax payable	871,178	332,000
Accruals and deferred income	368,306	195,001
	<u>3,636,321</u>	<u>1,859,427</u>

# Budgens Card Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

### 7. SHARE CAPITAL

	31 December 2002	28 April 2002
	£	£
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	=====	=====
Allotted, called up and fully paid: 1 ordinary share of £1 each	1	1
	=====	=====

### 8. PROFIT AND LOSS ACCOUNT

	<i>Profit and loss account</i> £
At 28 April 2002	748,171
Profit for the financial period	1,284,580
	=====
At 31 December 2002	2,032,751
	=====

### 9. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	31 December 2002	28 April 2002
	£	£
Shares issued during the financial period	-	1
Retained profit for the financial period	1,284,580	748,171
Opening equity shareholders funds	748,172	-
	=====	=====
Closing equity shareholders' funds	2,032,752	748,172
	=====	=====

### 10. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary undertaking of Musgrave Group plc and is included in the consolidated financial statements of Musgrave Group plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Musgrave Group plc or investees of the Musgrave Group plc.

## Budgens Card Services Limited

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

#### 11. ULTIMATE PARENT UNDERTAKING

The company's parent undertaking is Budgens Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Musgrave Group plc, a company registered in the Republic of Ireland. The smallest and largest group which consolidates the results of the company is Musgrave Group plc. Copies of the annual report and group financial statements of Musgrave Group plc are available to the public from the registered office at Ballycurreen, Airport Road, Cork, Ireland.

#### 12. COMPARATIVES

The company has changed the classification of amount owed to a group undertaking. In the prior period this amount was £678,647, and was arrived at after offsetting an amount receivable from a group undertaking of £653,779 with an amount owed to a group undertaking of £1,332,426. The directors have judged it more appropriate to disclose such amounts separately. Therefore the prior period amounts have been restated. There is no impact on operating profit or net assets.