

# Lenlyn Holdings plc

2003

Report and Financial statements

**LENLYN HOLDINGS PLC**

**Report and Financial Statements**

**28 February 2003**

**Deloitte & Touche  
London**

# LENLYN HOLDINGS PLC

## REPORT AND FINANCIAL STATEMENTS 2003

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Company balance sheet</b>	<b>9</b>
<b>Consolidated cash flow statement</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>12</b>

# LENLYN HOLDINGS PLC

## OFFICERS AND PROFESSIONAL ADVISERS

### DIRECTORS

F G Tejani  
N G Tejani  
Z G Tejani  
H G Tejani  
Professor A Rajan  
T Johnson  
A Miles

### SECRETARY

M McDonald

### REGISTERED OFFICE

Albany Court Yard  
47 - 48 Piccadilly  
London W1J 0LR

### BANKERS

Barclays Bank PLC  
50 Pall Mall  
London  
SW1A 1QB

### SOLICITORS

Stringer Saul  
17 Hanover Square  
London  
W1R 9AJ

### AUDITORS

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

# LENLYN HOLDINGS PLC

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2003.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The activities of the company and its subsidiaries during the year under review included the operation of retail and wholesale bureaux de change, joint ventures with American Express, and other related activities throughout Europe and North America. In addition, the group's business encompasses consumer credit finance, including hire purchase and personal loans, leasing, trade finance and freehold property investment in the United Kingdom. The directors consider the results and the state of affairs to be satisfactory and consider the group's business will continue to develop.

### RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation amounted to £ 3,764,627 (2002 restated - £5,219,211).

The directors recommend a final dividend of £1,500,000 (2002 - £2,078,764)

The directors are considering a merger with its long established associated group, International Currency Exchange PLC. The two companies are at present associated by common shareholding but it is considered that the synergies of the combined group will form a suitable platform for further penetration in the market place.

### EURO

The company's operating systems have been modified to accept the Euro. The company is continuing to monitor the possibility of the United Kingdom joining the Euro. However, no additional significant expenditure will be incurred until there is more certainty over a decision to enter.

The euro will provide an opportunity for Lenlyn Holdings PLC to expand its processing business as it is anticipated that some banks may outsource this area of their business. The benefit of prime locations currently enjoyed by Lenlyn Holdings PLC and all its subsidiaries will facilitate anticipated expansion.

Furthermore, the Board expects the Group to gain an increased share of its core business activity due to possible dilution in some sectors of the market.

### DIRECTORS AND DIRECTORS' INTERESTS

The directors who served throughout the year, except as noted below, and their beneficial interests in the issued ordinary share capital of the company were as follows:

	Ordinary shares of £1 each	
	2003	2002
F G Tejani	2,287,200	2,658,851
N G Tejani	2,287,200	2,658,851
Z G Tejani	2,287,200	2,658,851
H G Tejani	2,287,200	2,658,851
R . Collier		-
T Johnson		-
A Miles		-
	<hr/>	<hr/>
		10,635,404
	<hr/>	<hr/>

T Johnson and A Miles were appointed directors of the company on the 31 July 2003. A Miles is a non-executive director.

### PAYMENT OF CREDITORS

It is the company's policy to pay suppliers in accordance with the terms of payment agreed with the supplier when the terms of the transaction were agreed. Creditor days are days (2002 - 20 days).

**DIRECTORS' REPORT (continued)**

**DONATIONS**

The company made no charitable donations during the year. (2002 - £24,000).

**EMPLOYEES**

The involvement of employees in the performance of the company is encouraged through a variety of bonus schemes.

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. The company aims to continue to employ and to train employees who become disabled. The company also provides a range of training, career development and promotion opportunities for both able bodied and disabled employees.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

T E Johnson

2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements of Lenlyn Holdings Plc for the year ended 28 February 2003 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheets, consolidated cashflow statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit 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 circumstances of the company and of the group, 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 affairs of the company's and the group as at 28 February 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
and Registered Auditors

2003

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 28 February 2003**

	Note	Group £	Share of joint venture £	Total 2003 £	As restated 2002 £
<b>TURNOVER</b>	1, 2	637,485,181	4,476,039	641,961,220	655,336,128
Cost of sales	1	(617,352,865)	(4,330,585)	(621,683,450)	(633,515,576)
Gross profit		20,132,316	145,454	20,277,770	21,820,552
Administrative expenses	3, 4	(14,434,289)	(33,952)	(14,468,241)	(14,465,758)
Other operating income		916,510	9,994	926,504	1,003,183
<b>OPERATING PROFIT</b>	5	6,614,537	121,496	6,736,033	8,357,977
Existing Operations					
Acquisitions					
Investment income		89,125		89,125	223,876
Interest receivable and similar income		571,187		571,187	80,657
Minority interest					-
Investment expenses		(28,170)		(28,170)	(133,515)
Interest payable and similar charges	6	(1,242,478)		(1,242,478)	(845,554)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,004,201	121,496	6,125,697	7,683,441
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	7	(2,361,070)	0	(2,361,070)	(2,464,230)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		3,643,131	121,496	3,764,627	5,219,211
Dividends paid / proposed		(1,500,000)	0	(1,500,000)	(2,078,764)
<b>Retained profit transferred to reserves</b>	19	2,143,131	121,496	2,264,627	3,140,447

The consolidated profit and loss for the year ended 28 February 2002 has been restated for the adoption of FRS 19 (see note 17).

There is no material difference between the profit on ordinary activities stated above and its historical equivalent.

All activities derive from continuing operations.

# LENLYN HOLDINGS PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 28 February 2003

	<b>2003</b>	<b>As restated</b>
	<b>£</b>	<b>2002</b>
		<b>£</b>
Profit for the year	2,264,627	2,090,048
Unrealised (loss)/gain on revaluation of property	0	(160,000)
Difference on translation of opening net assets of foreign subsidiaries	(182,571)	68,892
Currency translation difference on overseas subs		0
<b>Total recognised gains and losses for the year</b>	<b>2,082,056</b>	<b>1,998,940</b>
Prior year adjustment – adoption of FRS 19	0	105,119
<b>Total recognised gains and losses since last annual report</b>	<b>2,082,056</b>	<b>2,104,059</b>

The statement of total recognised gains and losses for the year ended 28 February 2002 has been restated for the adoption of FRS 19 (see note 17).

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS Year ended 28 February 2003

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>As restated</b>	<b>2003</b>	<b>As restated</b>
	<b>£</b>	<b>2002</b>	<b>£</b>	<b>2002</b>
		<b>£</b>		<b>£</b>
Profit for the year	3,764,627	2,090,048	1,452,682	879,268
Dividends	(1,500,000)	(885,269)	(1,500,000)	(885,269)
	<u>2,264,627</u>	<u>1,204,779</u>	<u>(47,318)</u>	<u>(6,001)</u>
Share issue 4/11/02	77		77	0
Other recognised gains and losses	(182,571)	(91,108)	0	-
	<u>2,082,133</u>	<u>1,113,671</u>	<u>(47,241)</u>	<u>(6,001)</u>
Net additions/(reduction in) to shareholders' funds				
Opening shareholders' funds:	29,873,147	18,301,634	11,832,145	11,037,627
Restatement : Merger with ICE PLC		11,571,513		800,519
	<u>31,955,280</u>	<u>29,873,147</u>	<u>11,784,904</u>	<u>11,832,145</u>
Closing shareholders' funds				

The opening shareholders funds have been re-stated to reflect the full year effect of the merger of Lenlyn Holdings PLC and International Currency Exchange PLC

LENLYN HOLDINGS PLC

**CONSOLIDATED BALANCE SHEET**  
**28 February 2003**

	Note	£	2003 £	As restated 2002 £
<b>FIXED ASSETS</b>				
Intangible assets:				
Goodwill	8			(76,140)
Tangible fixed assets	9		23,403,991	15,964,738
Other investment	11			-
Investment in joint venture:				
Share of gross assets	12		714,481	
Share of gross liabilities				-
			<u>                    </u>	<u>                    </u>
				714,481
			<u>23,403,991</u>	<u>16,603,079</u>
<b>CURRENT ASSETS</b>				
Stock			287,553	185,746
Debtors: amounts falling due after more than one year	13		4,588,677	4,577,763
Debtors: amounts falling due within one year	13		13,673,010	11,476,969
Cash at bank and in hand			23,121,100	20,489,203
			<u>41,670,340</u>	<u>36,729,681</u>
<b>CREDITORS: amounts falling due within one year</b>	14		<u>19,716,028</u>	<u>(18,476,197)</u>
<b>NET CURRENT ASSETS</b>			<u>21,954,312</u>	<u>18,253,484</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			45,358,303	34,856,563
<b>CREDITORS: amounts falling due after more than one year</b>	15		13,403,023	(4,983,416)
			<u>31,955,280</u>	<u>29,873,147</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	18		11,436,000	11,435,923
Revaluation reserve	19		3,132,390	3,132,390
Profit and loss account	19		17,437,461	15,476,901
Other reserves	19		499,948	378,452
Merger Reserve	19		(550,519)	(550,519)
			<u>31,955,280</u>	<u>29,873,147</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>31,955,280</u>	<u>29,873,147</u>

The consolidated balance sheet as of 28 February 2002 has been restated for the adoption of FRS 19 (see note 17 ).

These financial statements were approved by the Board of Directors on 2003.

Signed on behalf of the Board of Directors

T E Johnson

Director

# LENLYN HOLDINGS PLC

## COMPANY BALANCE SHEET 28 February 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	10	<u>14,378,917</u>	<u>14,378,917</u>
<b>CURRENT ASSETS</b>			
Debtors	13	1,101,421	601,344
Cash at bank and in hand		<u>6,878</u>	<u>3,258</u>
		1,108,299	604,602
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(3,702,312)</u>	<u>(3,151,374)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,594,013)</u>	<u>(2,546,772)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,784,904</u>	<u>11,832,145</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	11,436,000	11,435,923
Profit and loss account	19	<u>348,904</u>	<u>396,222</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>11,784,904</u>	<u>11,832,145</u>

These financial statements were approved by the Board of Directors on 2003.

Signed on behalf of the Board of Directors

T E Johnson

Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 28 February 2003**

	Note	2003 £	2002 £
<b>Cash inflow from operating activities</b>	23	5,189,190	12,992,101
<b>Returns on investments and servicing of finance</b>			
Investment income/(expense)		182,451,	315,297
Interest received		571,187	80,657
Interest paid		(1,090,105)	(845,554)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(336,467)	(449,600)
<b>Taxation</b>			
Tax paid		(679,287)	(3,493,744)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(9,427,909)	(1,986,813)
Sale of current asset investments			-
Investment in partnership and other holdings		714,481	94,880
Proceeds on sale of tangible fixed assets		299,360	16,368
<b>Net cash outflow from capital expenditure and financial investment</b>		(8,414,068)	(1,875,565)
<b>Acquisitions and Disposals</b>			
Purchase of subsidiary undertaking			
Net overdrafts acquired with subsidiary undertaking			
<b>Equity dividends paid</b>			
Dividend paid		(947,927)	(1,616,376)
<b>Cash inflow before financing</b>		(5,188,559)	5,556,816
<b>Financing</b>			
(Decrease)/increase in debt		7,820,456	(3,128,707)
<b>Increase in cash in the year</b>	24	2,631,897	2,428,109

# LENLYN HOLDINGS PLC

## CONSOLIDATED CASH FLOW STATEMENT Year ended 28 February 2003

	Note	2003 £	2002 £
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash in the year		2,631,897	2,428,109
Cash inflow from decrease / (increase) in debt		(7,820,456)	3,128,707
Change in net debt resulting from cash flows		<u>(5,188,559)</u>	<u>5,556,816</u>
<b>Movement in net debt in the year</b>		(5,188,559)	5,556,716
<b>Net debt at 1 March</b>		<u>7,860,164</u>	<u>2,303,348</u>
<b>Net debt at 28 February</b>	24	<u><u>2,671,605</u></u>	<u><u>7,860,164</u></u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**1. ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the provisions of the Companies Act and applicable United Kingdom accounting standards. The particular accounting policies which have been applied are set out below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

**Basis of consolidation**

The group accounts have been drawn up in accordance with acquisition accounting principles. Consequently, the group accounts treat all retained profits of Lenlyn Limited as being available to the company. The investment by the company in Lenlyn Limited is recorded at the nominal value of the shares exchanged by the shareholders of Lenlyn Limited for their shareholding in Lenlyn UK Limited.

**Turnover**

Turnover represents sales of foreign currency, travellers cheques and other related products, commission receivable, rental income from investment properties and interest income from financing activities.

**Cost of sales**

Cost of sales represents the cost of purchasing foreign currency, direct selling costs, financing costs and holding gains and losses on foreign currency.

**Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. For acquisitions of a business, following the implementation of FRS 10 "Goodwill and Intangible Assets", purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold property	Over the period of the lease on a straight line basis
Fixtures, fittings and equipment	20% on a reducing balance basis
Motor vehicles	20% on a reducing balance basis

Freehold property is not depreciated as, in the opinion of the directors, the estimated remaining useful economic life of the tangible fixed asset exceeds 50 years. The freehold property is reviewed for impairment, in accordance with FRS11, at the end of each reporting period.

**Freehold investment properties**

In accordance with SSAP 19, investment properties are revalued annually to their open market value at the balance sheet date, and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are held for their investment potential, to depreciate them would not give a true and fair view. For that reason it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made depreciation would have been charged in the profit and loss account. The effect of this cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and it cannot be separately identified.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**1. ACCOUNTING POLICIES (continued)**

**Investments**

The investment in joint venture is accounted for using the gross equity method.

**'Key money' leasehold property**

In accordance with the alternative accounting rules, the premiums paid on leasehold property 'key money' held in France are held at directors' valuation. Any impairment in value is charged to the profit and loss account. Temporary diminutions and unrealised gains are charged to the statement of total recognised gains and losses.

**Pension scheme**

The group operates a defined contribution pension scheme. The pension charge represents contributions payable to the scheme.

**Leased assets**

Rental costs of assets held under operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

The accounts of overseas branches and subsidiaries are translated at the exchange rates ruling at the balance sheet date. The exchange differences arising on the translation of opening net assets are taken directly to reserves.

**Loans and advances**

**i) Instalment finance agreements**

Income from instalment finance agreements, after making a deduction for initial expenses, is credited to the profit and loss account using the sum of digits method. Balances are stated in the balance sheet net of unearned charges.

**ii) Bad debts**

Loans and advances are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their expected realisable value. General provisions are made on the basis of past experience, current economic conditions and other relevant factors, to provide for losses not yet specifically identified.

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**1. ACCOUNTING POLICIES (continued)**

**Cash at bank and in hand**

Foreign currencies and foreign travellers cheques are included in cash at bank and in hand and are valued at their estimated net realisable value based on foreign exchange rates ruling at the year end.

**2. TURNOVER**

The turnover and profit before taxation arose from the operation of retail and wholesale bureaux de change and other related activities. A geographical analysis of turnover and profit has not been included in the accounts as in the opinion of the directors it would be seriously prejudicial to the interests of the group.

**3. STAFF COSTS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
		<b>restated</b>
Wages and salaries	15,756,573	14,224,886
Social security costs	2,025,946	1,655,649
Other pension costs	243,398	176,805
	<u>18,025,917</u>	<u>16,057,340</u>

The average weekly number of persons employed by the group in the year was as follows:

	<b>No.</b>	<b>No.</b>
Administration/operations	125	127
Bureau staff	924	873
	<u>1,049</u>	<u>1,000</u>

**4. DIRECTORS' EMOLUMENTS**

	<b>£</b>	<b>£</b>
Directors' emoluments (excluding pension contributions and awards under share option schemes and other long term incentive schemes)	<u>1,028,765</u>	<u>954,789</u>
Remuneration of the highest paid director (excluding pension contributions and awards under other share option schemes and other long term incentive schemes)	<u>160,849</u>	<u>156,164</u>
Company contributions paid to the pension scheme in respect of directors.	<u>211,874</u>	<u>200,000</u>

Company contributions to the pension scheme in respect of the highest paid director were £50,000.

of the directors were members of the defined contribution pension scheme during the year (2002 – four).

None of the directors is a member of share option schemes or long-term incentive schemes in respect of services to the company.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**5. OPERATING PROFIT**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is after crediting:</b>		
Rent receivable	342,948	377,732
<b>And after charging:</b>		
Depreciation of tangible fixed assets	1,433,109	1,359,749
Rental costs of operating leases	13,321,318	12,282,316
Auditors' remuneration		
For audit	255,251	271,821
For non-audit services	192,701	119,715
	<u>                    </u>	<u>                    </u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
On bank loans, overdrafts and other loans	949,832	703,460
Bank charges	150,981	142,094
Exchange loss on overseas subsidiary	152,373	
	<u>                    </u>	<u>                    </u>
	<u>1,253,186</u>	<u>845,554</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2003</b>	<b>As restated</b>
	<b>£</b>	<b>2002</b>
		<b>£</b>
<b>The charge for taxation is as follows:</b>		
United Kingdom corporation tax at % (2002 – 30%)		3,186,730
Prior year adjustment		(276,855)
Double taxation relief		(211,631)
Corporation tax charge for the year		2,698,244
Deferred taxation		(251,024)
		(1,106,603)

Adoption of FRS19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the tax on profit on ordinary activities for 2002 has been restated from the previously reported amount of £1,254,004 to £1,186,214. The impact of adopting FRS19 on the 2003 results is a reduction in the tax charge of £230,659.

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK of % (2002 - 30%). The differences are explained below:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation		7,683,442
Tax at % thereon (2002: 30%)		(2,305,032)
Plus/(less) the effects of:		
Expenses not deductible for tax purposes		(158,117)
Capital allowances in excess of depreciation		(126,595)
Utilisation of tax losses		-
Movement in short term timing differences		31,578
Other deferred tax movements		-
Rate differences on current tax		-
Group relief		(65,399)
NBV adjustment		36,583
Exchange rate differences		641
Underlying tax		(388,758)
Double taxation relief		-
Non-taxable dividend income		-
Minority interests		-
Prior year adjustments		276,855
		(2,698,244)

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**8. INTANGIBLE FIXED ASSETS**

	<b>Total £</b>
<b>Cost</b>	
At 1 March 2002	(108,772)
Exchange difference	(12,936)
At 28 February 2003	<u>(121,708)</u>
<b>Accumulated depreciation</b>	
At 1 March 2002	32,632
Exchange difference	3,881
Charge for the year	85,195
At 28 February 2003	<u>121,708</u>
<b>Net book value</b>	
At 28 February 2003	<u>-</u>
At 28 February 2002	<u><u>(76,140)</u></u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**9. TANGIBLE FIXED ASSETS**

	<b>Freehold investment properties</b>	<b>Freehold property</b>	<b>Leaseholds</b>	<b>Key money</b>	<b>Fixtures, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 March 2002	3,360,000	7,000,000	1,958,723	1,421,544	5,449,791	189,851	19,379,909
Acquisition			247,277		5,226,757		5,474,034
Exchange difference			(84,662)	236,189	301,672	(5,429)	447,770
Additions	6,642,539		529,745		2,255,625		9,427,909
Disposals			(52,584)	(198,202)	(374,369)	(109,806)	(734,961)
Revaluation							
At 28 February 2003	<u>10,002,539</u>	<u>7,000,000</u>	<u>2,598,499</u>	<u>1,459,531</u>	<u>12,859,476</u>	<u>74,616</u>	<u>33,994,661</u>
<b>Accumulated Depreciation</b>							
At 1 March 2002	-	-	1,261,029	266,508	3,379,233	86,058	4,992,828
Acquisition			207,890		3,688,487		3,896,377
Adjustment arising on revaluation			(40,654)	98,438	275,218	(3,640)	329,462
Charge for the year			512,660	1,148	1,290,624	3,172	1,807,604
Disposals			(52,585)	(106,403)	(243,380)	(33,233)	(435,601)
At 28 February 2003			<u>1,888,440</u>	<u>259,691</u>	<u>8,390,182</u>	<u>52,357</u>	<u>10,590,670</u>
<b>Net book value</b>							
At 28 February 2003	<u>10,002,539</u>	<u>7,000,000</u>	<u>710,059</u>	<u>1,199,840</u>	<u>4,469,294</u>	<u>22,259</u>	<u>23,403,991</u>
At 28 February 2002	<u>3,360,000</u>	<u>7,000,000</u>	<u>737,081</u>	<u>1,155,036</u>	<u>3,608,828</u>	<u>103,793</u>	<u>15,964,738</u>

The freehold property and investment properties are held at valuation. The remaining investment properties were valued at the 28 February 2003 by the directors. In their opinion, the market value of the properties had not changed since the prior year valuation.

At 28 February 2003, the historic cost of the investment properties was £9,447,613 and £3,925,374 for the freehold property.

The net book value of leaseholds comprises:

	<b>2003</b>	<b>2002</b>
	£	£
Long leaseholds	70,390	77,179
Short leaseholds	639,669	620,515
	<u>710,059</u>	<u>697,694</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**10. FIXED ASSET INVESTMENTS**

	2003 £	2002 £
<b>Cost</b>		
At 1 March 2002	14,378,917	13,578,398
Additions (see below)		
At 28 February 2003	<u>                    </u>	<u>                    </u>

**Acquisition of subsidiary undertaking**

On 4<sup>th</sup> September 2002 the company acquired 100 % of the issued share capital of International Currency Exchange for consideration comprising the issue of 800,519 ordinary shares of £1 each in the company. The fair value of the total consideration was £ . In accordance with ss 131 and 133 of the Companies Act 1985, the company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The resulting difference arising on consolidation has been debited to other reserves.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book value £	Revaluation £	Accounting policy alignment £	Other Significant items £	Fair value to group £
<b>Fixed assets</b>					
Intangible	196,668				196,668
Tangible	8,810,904				8,810,904
<b>Current assets</b>					
Stocks	212,839				212,839
Debtors	6,824,080				6,824,080
Cash	10,244,953				10,244,953
<b>Total assets</b>	<u>26,289,444</u>				<u>26,289,444</u>
<b>Creditors</b>					
Bank loans	7,742,053				7,742,053
Trade creditors	3,184,920				3,184,920
Accruals	1,717,700				1,717,700
<b>Provisions</b>					
Pensions					
Taxation	1,234,331				1,234,331
<b>Total liabilities</b>	<u>13,879,004</u>				<u>13,879,004</u>
<b>Net assets</b>	<u>12,410,440</u>				<u>12,410,440</u>
Minority interest					0
Goodwill					0
					<u>12,410,440</u>
<b>Satisfied by</b>					
Shares issued					800,519
[Describe other consideration]					<u>0</u>

**LENLYN HOLDINGS PLC**

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

12,410,440

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**10. FIXED ASSET INVESTMENTS (continued)**

Details of the fair value adjustments are as follows:

*[Describe the reasons for the adjustments]*

Net cash outflows in respect of the acquisition comprised:

	£
Cash consideration	
Cash at bank and in hand acquired	0
Bank overdrafts acquired	0
	<u>0</u>
	<u>0</u>

An amount of £41,017 has been charged to the group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 4<sup>th</sup> September to 28<sup>th</sup> February 2004

International Currency Exchange PLC earned a profit after taxation and minority interests of £ 2,825,211 in the year ended 28<sup>th</sup> February 2003 (year ended 28<sup>th</sup> February 2002 - £ 3,129,163, of which £,925,947 arose in the period from 1<sup>st</sup> March 2002 to 4<sup>th</sup> September 2002. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1<sup>st</sup> March 2002 to 4<sup>th</sup> September 2002, shown on the basis of the accounting policies of International Currency Exchange PLC prior to the acquisition, are as follows:

**Profit and loss account**

	£
<b>Turnover</b>	203,036,145
Cost of sales	(198,025,587)
<b>Gross profit</b>	5,010,558
Other operating expenses (net)	(,207,116)
<b>Operating profit</b>	2,803,442
<i>[Describe exceptional items reported after operating profit]</i>	
Finance charges (net)	(6,130)
<b>Profit on ordinary activities before taxation</b>	2,757,312
Tax on profit on ordinary activities	(825,257)
<b>Profit on ordinary activities after taxation</b>	1,932,055
Minority interests	0
<b>Profit for the financial period</b>	<u>1,932,055</u>

The company owns the whole of the equity of the following subsidiaries which are incorporated in Great Britain and registered in England and Wales:

Lenlyn UK Limited  
 Lenlyn Limited\*  
 Exchange Corporation (Europe) Limited  
 Hoopoe Investments Limited  
 Hoopoe Finance Limited\*  
 Merchant Trade Finance Limited\*

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**10. FIXED ASSET INVESTMENTS (continued)**

Merchant Commercial Finance Limited\*  
International Currency Exchange Plc  
International Currency Exchange (Europe) Limited\*  
ICE Properties Limited\*  
Travel Care Services Limited\*

The company also owns the whole of the equity of the following subsidiaries which are incorporated and registered in the country as indicated in accordance with local regulations.

Exchange Corporation Netherlands BV\* Limited (Netherlands)  
Exchange Corporation Canada INC.\* (Canada)  
International Currency Exchange (France) S,A,R,L\*  
Exchange Corporation Spain SA\* (Spain)  
International Currency Services Australia Pty Limited\*(Australia)  
Obchodne - Financni Spolecnost Spol s.r.o\* (Czech Republic)  
International Exchange (INTEX) GmbH\* (Germany)  
Bristol Investments Limited\* (Mauritius)  
Erudite Forex Dealers PVT Limited\* (India)  
Currency Express Sp. Zoo \* (Poland)

\* Indirect shareholding

The following subsidiary has not been included within the consolidation of Lenlyn Holdings plc as the individual entity has immaterial balances for the year ended 28 February 2003:

Exchange Corporation Spain SA

**11. OTHER INVESTMENT**

**12. TERMINATION OF JOINT VENTURE**

In May 1998, Lenlyn Limited, a 100% owned subsidiary of Lenlyn UK Limited, commenced operations under a joint venture with American Express Limited to provide currency exchange services at Terminal One of the John F Kennedy International Airport, New York City. Lenlyn Limited owned 50.5% and American Express Limited owns 49.5% of the venture. On 30<sup>th</sup> June 2002, Lenlyn Limited purchased the American Express 49.5% share and the joint venture terminated on that date.

In October 1999, Lenlyn Limited commenced operations under a joint venture with American Express Limited and American Express Travel Related Services Company, Inc. to provide currency exchange services at Orlando International Airport. Lenlyn Limited owned 50.5% and American Express Limited owned 49.5% of the venture. On 30<sup>th</sup> June 2002, Lenlyn Limited purchased the American Express 49.5% share and the joint venture terminated on that date.

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In December 1999, Lenlyn Limited commenced operations under a joint venture with American Express Limited and American Express Travel Related Services Company, Inc. to provide currency exchange services at Houston Airport, Texas. Lenlyn Limited owned 50.5% and American Express Limited owned 49.5% of the venture. On 30<sup>th</sup> June Lenlyn Limited purchased the American Express 49.5% share and the agreement terminated date.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**13. DEBTORS**

	<b>Group 2003 £</b>	<b>Company 2003 £</b>	<b>As restated Group 2002 £</b>	<b>Company 2002 £</b>
<b>Amounts falling due after more than one year:</b>				
Loans and advances	4,588,677	0	4,577,763	-
Prepayments	-	-	-	-
	<u>4,588,677</u>	<u>0</u>	<u>4,577,763</u>	<u>-</u>
<b>Amounts falling due within one year:</b>				
Trade debtors	399,176	-	1,285,151	-
Loans and advances	5,543,446	-	5,006,597	-
Amounts owed by group undertaking	0	966,565	-	466,488
Other debtors	4,409,900	-	2,533,029	-
Prepayments and accrued income	3,128,921	-	1,970,052	-
Corporation tax recoverable	-	-	280,463	-
Deferred tax asset (see note 16)	191,567	-	401,677	-
Group relief receivable	-	134,856	-	134,856
Minority Interests	-	-	-	-
	<u>13,673,010</u>	<u>1,101,421</u>	<u>11,476,969</u>	<u>601,344</u>
	<u>18,434,031</u>	<u>601,421</u>	<u>16,240,478</u>	<u>601,344</u>

Included in loans and advances are the following net amounts receivable under finance leases and hire purchase agreements before deducting any provision for doubtful debts.

	<b>2003 £</b>	<b>2002 £</b>
Finance leases	2,811,421	1,555,098
Hire purchase agreements	5,477,781	5,938,596
	<u>8,289,202</u>	<u>7,493,694</u>

The aggregate rentals received during the year in respect of finance leases and hire purchase agreements amounted to:

	<b>2003 £</b>	<b>2002 £</b>
Finance leases	1,380,778	997,992
Hire purchase agreements	4,791,197	4,915,798
	<u>6,171,975</u>	<u>5,913,790</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**13. DEBTORS (continued)**

The cost of assets acquired during the year for the purpose of letting under finance leases and hire purchase agreements amounted to:

	<b>2003</b>	<b>2002</b>
	£	£
Finance leases	2,212,222	948,929
Hire purchase agreements	4,481,891	5,025,278
	<u>                    </u>	<u>                    </u>

Loans and advances are stated net of any provision for doubtful debts. The movement in the provision for doubtful debts is stated below.

	<b>2003</b>	<b>2002</b>
	£	£
At 1 March	59,685	760,546
Increase in provision	452,959	453,848
Release of provision		(1,154,709)
	<u>                    </u>	<u>                    </u>
At 28/29 February	<u>512,644</u>	<u>59,685</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
	£	£	£	£
Bank loans and overdrafts	7,046,472		7,882,848	7,427,543
Trade creditors	1,742,108		1,370,724	991,235
Amount owed to related company	0			1,200,000
Amounts owed to group undertakings	0	3,695,262		-
Corporation tax	2,371,203		1,179,993	765,431
Other taxation and social security	413,210		281,922	67,603
Other creditors	4,758,709		3,538,980	2,037,755
Accruals and deferred income	3,384,321	7,050	4,221,730	2,342,016
	<u>19,716,023</u>	<u>3,702,312</u>	<u>18,476,197</u>	<u>14,831,583</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	<b>Group</b>
	<b>2003</b>	<b>2002</b>
	£	£
Bank loans	13,403,023	4,746,191
Other		237,225
	<u>13,403,023</u>	<u>4,983,416</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The bank loans are secured by way of fixed charges over the assets of the company. The other loan is secured by way of a fixed charge over the freehold investment properties of the company.

	<b>Group 2003 £</b>	<b>Group 2002 £</b>
Repayable as follows		
Between one and two years	1,878,280	1,430,882
Between two and five years	6,722,231	1,371,883
Over five years	4,802,512	2,180,671
	<u>13,403,023</u>	<u>4,983,436</u>
Repayable by instalments wholly or partly in more than five years:		
Floating rate secured loan repayable by quarterly instalments of £13,888 from 17 August 2003	69,466	125,021
Floating rate secured loan repayable by quarterly instalments of £25,000 from 16 July 2003	75,000	175,000
Floating rate secured loan repayable by quarterly instalments of £36,516 from 16 October 2002	1,734,586	1,880,650
Floating rate secured loan repayable by quarterly Instalments of £100,000 from 31 <sup>st</sup> March 2005	470,754	
Floating rate secured loan repayable by quarterly instalments of £100,000 from March 31 <sup>st</sup> 2005	465,266	
Floating rate secured loan repayable by quarterly Instalments of £123,460 from May 2007	1,987,440	
	<u>4,802,512</u>	<u>2,180,671</u>

**16. DEFERRED TAXATION**

	<b>Group 2003 £</b>	<b>Group As restated 2002 £</b>
At 1 March		72,629
Current year credit to profit and loss		230,659
		<u>303,288</u>
At 28 February (see note 13)	<u>232,985</u>	<u>303,288</u>
<b>Analysis of deferred tax balance:</b>		
Capital allowances in excess of depreciation		212,758
Short term timing differences		90,530
Losses		-
		<u>303,288</u>

**LENLYN HOLDINGS PLC**

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

303,288

Deferred tax assets have been recognised, the recoverability of which is dependent upon future taxable profits in excess of those arising from the reversal of deferred tax liabilities.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**17. RESTATEMENT OF COMPARATIVES**

FRS 19 has been adopted in full, as a result the comparatives for 2002 have been restated as follows:

<b>Group</b>	<b>Deferred tax asset £</b>	<b>Profit and loss account reserve £</b>	<b>Shareholders' funds £</b>
2002 as previously reported			
Adoption of FRS19 at 1 March 2000			
During year ended 28 February 2002			
Adoption of FRS19 at 28 February 2002			
2002 restated			

**18. CALLED UP SHARE CAPITAL**

	<b>2003 £</b>	<b>2002 £</b>
<b>Authorised:</b> 30,000,000 ordinary shares of £1 each	<u>30,000,000</u>	<u>15,000,000</u>
<b>Allotted, called up and fully paid:</b> 10,635,404 ordinary shares of £1 each 800,519 ordinary shares at £1 each (issued and exchanged for shares in ICE plc on 4/9/02)	10,635,404 800,519 <b>11,435,923</b>	10,635,404  <b>10,635,404</b>
<b>Allotted, called up and unpaid</b> 77 ordinary shares of £1 each issued on 4/11/02 As At 28 <sup>th</sup> February 2003	77  <u>11,436,000</u>	0  <u>10,635,404</u>

**19. STATEMENT OF MOVEMENT ON RESERVES**

	<b>Other reserves £</b>	<b>Revaluation reserve £</b>	<b>Merger Reserve £</b>	<b>Profit and loss account £</b>	<b>Group total £</b>	<b>Compa profit a loss accot</b>
As at 1 March 2002 – as restated	378,452	3,132,390		5,269,059	8,779,901	396,2
RESTATEMENT : MERGER	0	0	(550,519)	10,207,842	9,657,323	
Profit / (loss) for the financial year		0	0	3,764,627	3,764,627	(47,3
Share of joint venture profits	121,496			(121,496)	0	
Difference on translation of opening net assets of foreign subsidiaries				(182,571)	(182,571)	
Dividend				(1,500,000)	(1,500,000)	
Revaluation of property				0	0	
As at 28 February 2003	<u>499,948</u>	<u>3,132,390</u>	<u>(550,519)</u>	<u>17,437,461</u>	<u>20,519,280</u>	<u>348,5</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

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The other reserves balance relates to the profits accruing from the joint venture of Lenlyn Holdings plc, with this additional disclosure made to show the results of this venture separately from those of the core business.

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**20. LEASE COMMITMENTS**

	<b>Group 2003 £</b>	<b>Group 2002 £</b>
	<b>Leaseholds</b>	<b>Leaseholds</b>
<b>Operating leases which expire:</b>		
Within one year	9,863,880	9,337,745
Within two to five years	14,468,728	12,902,500
In more than five years	379,950	390,000
	<u>24,712,558</u>	<u>22,630,245</u>

The Los Angeles branch of Lenlyn Limited, a 100% subsidiary of Lenlyn UK Limited, was operating under a month-by-month agreement until a new five-year concession agreement with the Los Angeles Department of Airports commenced on 4 January 1999. The new agreement includes a maximum of five one-year extensions by the Board of Airport Commissioners. As part of the concession agreement, the branch has committed to an escalating minimum guarantee ranging from £4.59 million to £4.88 million per year for a total of £18.9 million over the four year period beginning after one year from the effective date of the agreement, in January 2000. The minimum guarantee is accrued in the Financial Statements on a straight line basis so that the charge is spread evenly over the remaining period of the lease. The Miami Branch concession is under a month-by-month agreement.

**21. PENSIONS**

The group operates a defined contribution pension scheme for the directors who own shares in the parent company. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are also made into employees' personal pension schemes.

The pension cost charge represents contributions payable to the group fund and personal pension schemes and amounted to £ 378,880 (2002 - £365,474).

**22. PROFIT OF THE COMPANY**

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £47,318 (2002 – loss £6,001).

**23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	<b>2003 £</b>	<b>2002 £</b>
Operating profit	6,614,537	8,133,040
Amortisation credit	(85,195)	(10,877)
Depreciation charges	1,807,604	1,359,749
Loss/(profit) on sale of tangible fixed assets	0	2,805
(increase) / decrease in debtors	(2,697,528)	(1,112,933)
Increase in creditors	95,694	4,581,262
Increase in stock	(101,807)	39,055
Exchange loss on translation of reserves	(182,571)	
Exchange differences on foreign currency translation	(261,544)	
Net cashflow in/out from operating activities	<u>5,189,190</u>	<u>12,992,101</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 28 February 2003**

**24. ANALYSIS OF NET DEBT**

	<b>At 1 March 2002 Restated £</b>	<b>Cash flow £</b>	<b>At 28 February 2003 £</b>
Cash at bank and in hand	20,489,203	2,631,897	23,121,100
	-		
	<u>20,489,203</u>	<u>2,631,897</u>	<u>23,121,100</u>
Debt due after one year	(4,746,191)	(8,656,832)	(13,403,023)
Debt due within one year	(7,882,848)	836,376	(7,046,472)
	<u>(12,629,039)</u>	<u>(7,820,456)</u>	<u>(20,449,495)</u>
Total	<u>7,860,164</u>	<u>(5,188,559)</u>	<u>2,671,605</u>

**25. RELATED PARTY TRANSACTIONS**

**Controlling parties**

The company is controlled by its shareholders, who are also directors, as shown in the directors' report.

**Related parties**

In accordance with FRS 8 paragraph 3, the company has taken advantage of the exemption for subsidiary undertakings from disclosing transactions with other group companies qualifying as related parties.

***Lenlyn Limited Executive Pension Scheme***

A defined contribution pension scheme is operated for the benefit of the shareholding directors. Contributions to the pension scheme do not require disclosure under Financial Reporting Standard 8: Related Party Disclosures.

**25. RELATED PARTY TRANSACTIONS (CONTINUED)**

***Montreal Currency Exchange***

Montreal Currency Exchange is subject to common control. As at 28 February 2003, a balance of £582,040 (2002 - £451,805) was owed to Lenlyn UK Limited, a fully owned subsidiary of Lenlyn Holdings PLC, by Montreal Currency Exchange.

The maximum amount subsisting during the year was £582,040. Interest is chargeable on this amount at commercial rates.