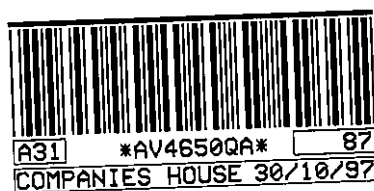


EXCO MONEYBROKING UK LIMITED
(FORMERLY GODSELL, ASTLEY & PEARCE LIMITED)

FINANCIAL STATEMENTS

for the year ended
31 December 1996



EXCO MONEYBROKING UK LIMITED

Report of the directors for the year ended 31 December 1996

1 The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activity of the company

2 The principal activity of the company is that of moneybroking.

Review of business

3 The directors consider that the year end financial position was satisfactory. The directors expect that the present level of activity will be sustained in the foreseeable future.

Dividends

4 The results for the year are set out in the profit and loss account on page 5. The directors declared interim dividends of 14p (1995: 14p) per ordinary share, which were paid during the year but do not recommend the payment of a final dividend (1995: Nil). The profit for the financial year of £2,653,000 (1995: £1,983,000 loss) will be transferred to reserves.

Fixed asset investments

5 The movements in fixed asset investments during the year are set out in note 9 to the financial statements.

Directors

6 The directors who served during the year were:

I K Collett	
K Drage	
P J Edge	
R Hubbard	(Resigned 23 July 1996)
J M Kinnear	(Chairman)
G Mansfield	(Appointed 7 February 1996)
G D Roblin	
T J Rose	
W G Smith	

EXCO MONEYBROKING UK LIMITED

Report of the directors for the year ended 31 December 1996

Directors' interests

7 The directors have no interests in the shares of the company.

The interests of Mr P J Edge in the ordinary shares and the options over ordinary shares of Exco plc ("Exco") are disclosed in the directors' report of Exco, whilst those of Messrs I K Collett, J M Kinnear and G D Roblin are disclosed in the Directors report of Godsell, Astley and Pearce (Holdings) Ltd.

The interests of the other directors in the ordinary shares of Exco were:-

	<u>1 January 1996</u> (or date of appointment if later)	<u>31 December 1996</u>
K Drage	114,698	114,698
G Mansfield	Nil	Nil
T J Rose	Nil	Nil
W G Smith	Nil	Nil

The interests of the other directors in the options over ordinary shares of Exco were:-

	<u>1 January 1996</u> (or date of appointment if later)	<u>Granted</u>	<u>Exercised</u>	<u>31 December 1996</u>
K Drage	50,000	-	-	50,000
G Mansfield	Nil	-	-	Nil
T J Rose	100,000	-	-	100,000
W G Smith	80,000	-	-	80,000

Statement of Directors' Responsibilities

8 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 of the company 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;
- 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 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.

EXCO MONEYBROKING UK LIMITED

Report of the directors for the year ended 31 December 1996

Employees

9 The company's policy is to consult and discuss with employees, on a regular basis, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is a limited employee share scheme at present as a means of encouraging the involvement of employees in the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Taxation status

10 The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

11 On 18 October 1991 the company passed an elective resolution dispensing with the obligation to appoint auditors annually. The auditors, Coopers & Lybrand, therefore continue in office.

Change of name

12 The company changed its name on the 4th March 1996 from Godsell, Astley and Pearce Limited to Exco Moneybroking UK Limited.

BY ORDER OF THE BOARD



Secretary
LONDON

Report of the auditors to the members of

EXCO MONEYBROKING UK LIMITED

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
LONDON

3 March 1997

EXCO MONEYBROKING UK LIMITED**Profit and loss account
for the year ended 31 December 1996**

	Notes	<u>1996</u> £'000	<u>1995</u> £'000
Turnover	2	44,734	48,683
Operating administrative expenses	3	(38,249)	(44,141)
Exceptional operating administrative income/(expenses)	4	745	(4,444)
		-----	-----
Operating profit		7,230	98
Interest receivable and similar income		441	495
		-----	-----
Profit on ordinary activities before taxation		7,671	593
Tax charge on profit on ordinary activities	5	(3,018)	(576)
		-----	-----
Profit on ordinary activities after taxation		4,653	17
Dividends paid	6	(2,000)	(2,000)
		-----	-----
Profit/(loss) for the financial year		<u>2,653</u>	<u>(1,983)</u>

STATEMENT OF ACCUMULATED PROFITS

(Loss)/profit at 1 January	(862)	1,121
Profit/(loss) for the financial year	2,653	(1,983)
	-----	-----
Accumulated profit/(loss) at 31 December	<u>1,791</u>	<u>(862)</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 7 to 13 form part of these financial statements

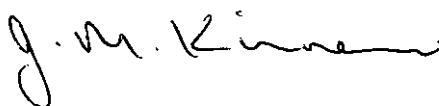
Auditors' report - page 4

EXCO MONEYBROKING UK LIMITED**Balance sheet - 31 December 1996**

	Notes	<u>1996</u> £'000	<u>1995</u> £'000
FIXED ASSETS			
Tangible fixed assets	9	-	1
Investments	10	6,520	6,520
		<u>6,520</u>	<u>6,521</u>
CURRENT ASSETS			
Debtors	11	6,822	5,360
Investments	12	5,000	5,000
Cash at bank and in hand		2,520	3,632
		<u>14,342</u>	<u>13,992</u>
TOTAL CURRENT ASSETS			
		14,342	13,992
CREDITORS: amounts falling due within one year			
	13	(4,354)	(6,658)
NET CURRENT ASSETS			
		<u>9,988</u>	<u>7,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>16,508</u>	<u>13,855</u>
CAPITAL AND RESERVES			
Called up share capital	15	14,071	14,071
Share premium account		646	646
Profit and loss account		1,791	(862)
		<u>16,508</u>	<u>13,855</u>
Equity Shareholders' Funds			
	16	<u>16,508</u>	<u>13,855</u>

The financial statements on pages 5 to 13 were approved by the board of

directors on 27/2/97 and were signed on its behalf by:-



J M KINNEAR
DIRECTOR

The notes on pages 7 to 13 form part of these financial statements

Auditors' report - page 4

EXCO MONEYBROKING UK LIMITED

Notes to the financial statements - 31 December 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The annual rate is as follows:-

	%
Short leasehold building	20 (or life of lease if shorter)

c) Investments

Fixed Asset Investments are stated in the balance sheet at cost, less provision for any permanent diminution in value.

d) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the accounting period and gains or losses thereon are taken directly to the profit and loss account in the year in which they arise.

e) Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced brokerage charges for the period.

f) Brokerage income

Brokerage income is accounted for at the date of the transaction.

g) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

h) Pension costs

The company participates in group pension schemes operated by Exco plc. The pension schemes of the company are funded externally and are defined contribution schemes. The pension costs charged for the period are shown in note 8 to the financial statements. There were outstanding contributions of £nil at the balance sheet date (1995: £nil).

2 Turnover

All turnover was derived from moneybroking activities carried out in the United Kingdom.

EXCO MONEYBROKING UK LIMITED

Notes to the financial statements - 31 December 1996 continued

3 Operating administrative expenses

	<u>1996</u> £'000	<u>1995</u> £'000
Staff costs (see note 8)	24,146	28,137
Other operating expenses:		
Depreciation	1	19
Auditors' remuneration	27	21
Other operating leases	1,140	1,139
Other expenses	12,881	14,802
Exchange loss	54	23
Total operating administrative expenses	<u>38,249</u>	<u>44,141</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £1,000 (1995: £41,000).

The company uses fixed assets (including those on finance leases) owned by the central group service company, Exco (Management Services) Limited. A charge is made by Exco (Management Services) Limited for the use of these assets by the company.

4 Exceptional operating administrative income/expenses

	<u>1996</u> £'000	<u>1995</u> £'000
Restructuring income/(costs)	<u>745</u>	<u>(4,444)</u>

Restructuring income/(costs) arise from a restructuring exercise, undertaken in 1995, in response to changing market conditions. The costs and over-provision associated with this restructuring are shown above.

5 Taxation

	<u>1996</u> £'000	<u>1995</u> £'000
UK Corporation tax at a rate of 33%	2,632	727
Under/(Over) provision in prior years	386	(34)
ACT previously written off	-	(117)
	<u>3,018</u>	<u>576</u>

6 Dividends

	<u>1996</u> £'000	<u>1995</u> £'000
Dividends on equity shares		
Interim dividends paid of 14 pence per share (14p per share 1995)	<u>2,000</u>	<u>2,000</u>

EXCO MONEYBROKING UK LIMITED**Notes to the financial statements - 31 December 1996 continued****7 Directors' emoluments**

Emoluments of the directors of the company (including pension contributions) are as follows:-

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Management remuneration	1,609	1,176

Particulars in accordance with Part V of Schedule 5 of the Companies Act 1985 of the emoluments of the directors of the company (excluding pension contributions), are as follows:-

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Chairman	185	142
Highest paid director	524	240

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges were:-

	<u>1996</u>	<u>1995</u>
£0 - £5,000	1	1
£30,001 - £35,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£70,001 - £75,000	1	-
£95,001 - £100,000	-	1
£105,001 - £110,000	1	-
£140,001 - £145,000	-	1
£170,001 - £175,000	1	-
£180,001 - £185,000	1	-
£195,001 - £200,000	1	-
£205,001 - £210,000	1	1
£235,001 - £240,000	-	2
£520,001 - £525,000	1	-

The total emoluments of directors who are also directors of Exco plc, are disclosed in the financial statements of that company. That element of their emoluments which is deemed to be in respect of services to the company has been disclosed above.

No director waived emoluments in respect of the year ended 31 December 1996.

EXCO MONEYBROKING UK LIMITED**Notes to the financial statements - 31 December 1996 continued****8 Employee information**

The average weekly number of persons (including executive directors) employed by the company during the year was:-

	<u>1996</u>	<u>1995</u>
Broking staff	296	331
Administration	8	18
	<u>304</u>	<u>349</u>

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Employee costs (including executive directors):-		
Wages and salaries	21,058	24,367
Social security costs	2,167	2,512
Other pension costs	921	1,258
	<u>24,146</u>	<u>28,137</u>

9 Fixed assets

	<u>Short leasehold improvements</u> <u>£000</u>
Cost at 1 January 1996	39
Disposals	(39)
At 31 December 1996	<u>-</u>
Depreciation	
At 1 January 1996	38
Accumulated Depreciation on disposals	(39)
Change for the period	1
At 31 December 1996	<u>-</u>
Net book value at 31 December 1996	<u>-</u>
Net book value at 31 December 1995	<u>1</u>

EXCO MONEYBROKING UK LIMITED

Notes to the financial statements - 31 December 1996 continued

10 Investments

Shares in subsidiary undertakings:-

Cost:	<u>1996</u>
At 1 January 1996	<u>£'000</u> <u>7,821</u>
At 31 December 1996	<u>7,821</u>
Amounts written off:	
At 1 January 1996	<u>1,301</u>
At 31 December 1996	<u>1,301</u>
Net book value at 31 December 1996	<u>6,520</u>
Net book value at 31 December 1995	<u>6,520</u>

The principal subsidiary undertakings are as follows:-

	<u>Country of Incorporation</u>	<u>Principal Activity</u>	<u>Holding</u>	<u>Description of Shares Held</u>
Godsell, Astley & Pearce (Capital Markets) Ltd	England	Dormant	Direct	500,000 £1 ordinary shares
Godsell, Astley & Pearce (Currency Options) Ltd	England	Dormant	Direct	500,000 £1 ordinary shares
Godsell, Astley & Pearce (Foreign Exchange) Ltd	England	Dormant	Direct	3,671,000 £1 ordinary shares
Godsell, Astley & Pearce (Sterling) Ltd	England	Dormant	Direct	2,652,600 £1 ordinary shares

The company owns 100% of the issued share capital of the above subsidiaries.

Group financial statements have not been prepared as the company is a wholly owned subsidiary of Exco plc, which is registered in England and Wales.

In the opinion of the directors, the aggregate value of the company's subsidiary undertakings is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

EXCO MONEYBROKING UK LIMITED**Notes to the financial statements - 31 December 1996 continued****11 Debtors**

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts falling due within one year:		
Trade debtors	5,063	4,284
Amounts owed by parent undertaking and fellow subsidiary undertakings	1,539	619
Amounts owed by associate undertakings	-	57
Other debtors	89	68
Prepayments and accrued income	131	332
	<u>6,822</u>	<u>5,360</u>

12 Investments - Regulatory Capital

	<u>1996</u> £'000	<u>1995</u> £'000
Unlisted Investments	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

Regulatory authorities require that a minimum amount be maintained in liquid asset. Therefore, the use of these funds may be restricted in accordance with such requirements.

13 Creditors: amounts falling due within one year

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed to parent undertaking and fellow subsidiary undertakings	821	47
UK corporation tax	536	727
Social security and PAYE	553	784
Accruals and deferred income	2,437	5,085
Other creditors	7	15
	<u>4,354</u>	<u>6,658</u>

14 Contingent liabilities

On 31 December 1992 the company acquired the interest rate swaps business of Exco's capital markets division, together with its assets and liabilities, at their net book value. On 24 January 1991 a decision of the House of Lords determined that all interest rate swap and similar transactions entered into by local authorities are *ultra vires*.

A process of restitution has begun between some local authorities and their bank counterparties. The company has received some claims for the return of brokerage earned from banks and local authorities in such transactions. The directors consider that, in the light of current circumstances, the outcome of these claims will not have a material impact on the financial position of the company.

EXCO MONEYBROKING UK LIMITED

Notes to the financial statements - 31 December 1996 continued

15 Share capital

	<u>1996</u> £'000	<u>1995</u> £'000
Authorised:		
Ordinary shares of £1 each	15,000	15,000
Allotted, issued, called up and fully paid:		
Ordinary shares of £1 each	14,071	14,071

16 Reconciliation of movements in shareholders' funds

	<u>1996</u> £'000	<u>1995</u> £'000
Profit for the financial year	4,653	17
Dividends	(2,000)	(2,000)
	2,653	(1,983)
Opening shareholders' funds	13,855	15,838
Closing shareholders' funds	16,508	13,855

17 Cashflow statement

A cashflow statement has not been prepared as Exco Moneybroking UK Limited is a wholly owned subsidiary of Exco plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 (revised 1996) from the requirement to publish a cashflow statement.

18 Related Party Transactions

In accordance with FRS 8, and the definitions contained therein, it is required that disclosure of parties related to Exco Moneybroking UK Limited is given. Godsell, Astley & Pearce (Holdings) Limited is the immediate parent company of Exco Moneybroking UK Limited, owning 100% of the ordinary share capital. Given that Exco Moneybroking UK Limited is more than a ninety percent subsidiary, disclosure of transactions which eliminate on consolidation are not disclosed, as permitted by FRS 8, over and above that required by the Companies Act 1985.

19 Ultimate parent undertaking

Exco plc is the ultimate controlling party. The directors regard Exco plc, a company registered in England and Wales, as the ultimate parent company. Copies of the parent's consolidated financial statements may be obtained from the Company Secretary, 119 Cannon Street, London EC4N 5AX.