

LEADENHALL SECURITIES CORPORATION LIMITED

Registered number: 302840

**Annual Report and Financial Statements
31st December 1998**



Leadenhall Securities Corporation Limited

REPORT OF THE DIRECTORS

Principal activity

Leadenhall Securities Corporation Limited is a dealing company.

Results and business review

The results for the year are shown on page 4. The Directors consider these results and the Company's financial position at 31st December 1998 to be satisfactory and they expect that the Company will continue to carry on business profitably during the present year.

Dividends

The Directors recommend the payment of a final dividend of £12,080.

Directors and Directors' interests

The names of the Directors of the Company throughout 1998 are shown below.

At 31st December 1998 and 1st January 1998 the Directors had the beneficial interests shown below in the shares of Schroders plc and in options over non-voting ordinary shares. On 5th May 1998, there was a capitalisation issue of one new share for every two shares then held. Accordingly a holding at that date was increased by 50 per cent.

	31st December 1998			1st January 1998		
	Ordinary Shares	Non- Voting Ordinary Shares	Rights Non- Voting Ordinary Shares*	Ordinary Shares	Non- Voting Ordinary Shares	Rights over Non- Voting Ordinary Shares*
W.F.W. Bischoff	16,785	231,627	406,426	11,190	174,059	255,789
N.R. MacAndrew	12,924	17,056	158,701	8,616	11,012	118,924
D.J.H. Morris	11,250	76,855	33,750	7,500	60,961	22,500

* includes maximum awards under share schemes introduced in 1997, which are subject to adjustment and receipt of which is subject to conditions.

During the year, prior to the capitalisation issue, Mr W. F. W. Bischoff and Mr N. R. MacAndrew exercised options over 20,000 and 30,000 non-voting ordinary shares of Schroders plc respectively.

At 31st December 1998 and 1st January 1998, the following Directors were treated for the purposes of the Companies Act 1985 as having further interests in the shares of Schroders plc.

	31st December 1998		1st January 1998	
	Ordinary Shares	Non-Voting Ordinary Shares	Ordinary Shares	Non-Voting Ordinary Shares
N. R. MacAndrew	-	1,243	-	-
D.J.H. Morris	33,750	48,750	22,500	35,000

No Director held any other interest in shares or debentures of either Schroders plc or any of its subsidiary companies.

Leadenhall Securities Corporation Limited

REPORT OF THE DIRECTORS (continued)

Euro conversion

The system changes required to deal with the introduction of the euro have been successfully implemented in the Schroder Group. The incremental costs incurred by the Group on this work were not material.

Year 2000

During 1998 the Schroder Group continued to devote significant resources to the resolution of the Year 2000 problem. Work has progressed to schedule and the Group continues to allocate the resources so that, in so far as it is within the Group's control, it will be compliant in good time for the Year 2000. Whilst every Group company is playing its part in the compliance programme, the costs in respect of this work are being incurred by certain companies only. The costs of the compliance programme will be disclosed in the Financial Review contained in the Annual Report and Accounts of Schroders plc for 1998.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the Directors appointed the new firm, PricewaterhouseCoopers as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors to the Company, and to authorise the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board



A.M. Gaulter
Secretary

 1999
120 Cheapside
London EC2V 6DS

Leadenhall Securities Corporation Limited

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have responsibility for ensuring that the Company keeps adequate accounting records. They are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for the year. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors remain satisfied that the Company has adequate resources to continue in business and accordingly that the financial statements should be drawn up on a going concern basis. Further, appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements, and applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

REPORT OF THE AUDITORS TO THE MEMBERS OF LEADENHALL SECURITIES CORPORATION LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared in accordance with the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the Directors' Report and in addition the preparation of the financial statements as described above. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London 9 March, 1999

Leadenhall Securities Corporation Limited

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998**

	Notes	1998 £	1997 £
Interest receivable:			
Intermediate parent undertaking		19,093	17,289
Administrative expenses	2	(1,586)	(1,672)
Profit on ordinary activities before tax		17,507	15,617
Tax on profit on ordinary activities	3	(5,427)	(4,919)
Profit on ordinary activities after tax		12,080	10,698
Proposed dividend		(12,080)	(10,698)
Retained profit for the financial year		-	-
Retained profit brought forward		5,000	5,000
Retained profit carried forward		£5,000	£5,000

The results above are all in respect of continuing operations of the Company.

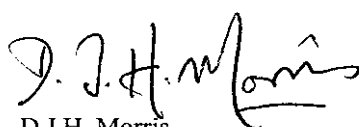
There is no difference between the profit on ordinary activities before tax and the profit retained by the Company for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Leadenhall Securities Corporation Limited

BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors			
Amount owed by intermediate parent undertaking		583	734
Cash at bank and in hand			
Deposit with intermediate parent undertaking		273,510	271,352
		<u>£274,093</u>	<u>£272,086</u>
CAPITAL AND RESERVES			
Called up share capital	4	250,000	250,000
Profit and loss account		5,000	5,000
Equity shareholders' funds		<u>255,000</u>	<u>255,000</u>
CREDITORS			
Amounts falling due within one year			
Dividend payable		12,080	10,698
Sundry creditors		1,586	1,469
Corporation tax		5,427	4,919
		19,093	17,086
		<u>£274,093</u>	<u>£272,086</u>


 D.J.H. Morris
 Director
 9th March, 1999

Leadenhall Securities Corporation Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

The Directors consider that there is no amount in the context of the Company's business which reasonably corresponds to turnover.

c) Cash flow statement

As permitted by Financial Reporting Standard 1, the Company is not required to produce a cash flow statement as the consolidated statement of its ultimate parent company, Schroders plc, includes its cash flows.

2. Administrative expenses

Administrative expenses include the Auditors' remuneration in respect of audit services of £1,350 (1997: £1,250).

3. Tax on profit on ordinary activities

Tax on the profit on ordinary activities comprised:

	1998 £	1997 £
Corporation tax	£(5,427)	£(4,919)

Corporation tax has been calculated at a rate of 31% (1997: 31.5%).

4. Called up share capital

	1998 £	1997 £
Authorised, allotted, called up and fully paid: 250,000 ordinary shares of £1 each	£250,000	£250,000

5. Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the Company (1997: £nil).

6. Ultimate parent company

The Company's immediate parent undertaking is Schroder Investment Company Limited, whose ultimate parent company is Schroders plc, both of which are registered in England.

The results of the Company are consolidated in the group accounts of Schroders plc, copies of which will be obtainable on publication from Schroders plc, 120 Cheapside, London EC2V 6DS.

As permitted by Financial Reporting Standard 8, transactions with other Schroder Group companies, 90% or more owned, are not disclosed.