



LEOPOLD JOSEPH

PRIVATE BANKERS

Leopold Joseph & Sons Limited

Annual Report & Accounts

2003



Leopold Joseph & Sons Limited

Report and Accounts

31st March 2003

Company No: 338594

LEOPOLD JOSEPH & SONS LIMITED
REGULATED BY THE FINANCIAL SERVICES AUTHORITY

31st MARCH 2003

DIRECTORS	Robin Herbert CBE	Chairman
	Michael Quicke	Chief Executive
	Shane Chichester	
	Michael Fornara	
	Warwick Jones FCA	
	Peter Bloom ACA	
	Mark Boucher	
	Simon Brooks	
	Peter Fletcher	
	Michael Ladenburg	(Appointed 1 st January 2003)
	Rosemary Morgan MCIPD	(Appointed 1 st April 2002)
	Richard Murkin ACIB	
	Patrick Smiley	
	John Emmett	(Resigned 10th September 2002)
	Justin Pryor	(Resigned 6 th November 2002)
SECRETARY	Paul Thrussell ACIB	
REGISTERED OFFICE	99 Gresham Street London EC2V 7NG	
	Telephone: 020 7776 6700	
	Facsimile 020 7776 6701	
	Telex: 886454 - 5	
	SWIFT : LJSOGB2L	
AUDITORS	Deloitte & Touche	
	Chartered Accountants	
	London	

LEOPOLD JOSEPH & SONS LIMITED

REPORT of the DIRECTORS

for the year end 31st March 2003

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

RESULTS AND DIVIDEND

The results for the year is as shown on page 4. The company's main activity during the year has been private banking.

The principal place of business is London.

The directors recommend the payment of a final dividend for the year of £950,000 (19.0p per share); (2002: £1,000,000 (20.0p per share)).

An interim dividend of £350,000 (7.0p per share); (2002: £325,000 (6.5p per share)) was paid during the year.

The retained profit for the year transferred to reserves amounted to £37,000 (2002: £174,000)

REVIEW OF THE BUSINESS

The adverse trading conditions in the year resulted in pre tax profit falling by 3.8% compared to the year to 31st March 2003. Total income increased by 3.0%, although the underlying income from private banking activities increased by only 1.7% as market conditions had a negative impact on our business. Total costs increased by 4.3% including some one-off expenses. During the year we took steps to lower our cost base. Staff costs fell by 5.4% as the average headcount fell from 79 to 76. Depreciation increased by 26.8% as the full year effect of the new banking system installed in the previous year was charged. The company intends to continue with its strategy of developing the core business of private banking through organic growth. After a difficult year, we expect conditions for financial services to improve slowly over the next twelve months. This should lead to growing client activity and we are also putting in place various initiatives that will help us to develop our business.

DIRECTORS

Directors serving at the year end and their interests, including those of their families and trusts, in the ordinary shares and options of the company's ultimate holding company, Leopold Joseph Holdings PLC, as at 31st March 2003 and at 31st March 2002 (or date of appointment if later) were as follows:-

	4 June 2003	31 March 2003	31 March 2003	31 March 2002	31 March 2002
	Shares	Shares	Options	Shares	Options
RAE Herbert	1,105,658	1,105,199	-	1,104,847	--
MF Quicke	78,990	78,531	110,160	77,889	110,160
DSS Chichester	1,438	979	68,000	392	68,000
M Fornara	459	-	50,000	-	20,000
WR Jones	-	-	50,000	-	-
PG Bloom	1,806	1,347	34,000	880	19,000
MA Boucher	2,532	2,073	34,000	1,581	19,000
SC Brooks	2,922	2,463	34,000	1,881	19,000
PW Fletcher	811	352	19,000	-	19,000
M Ladenburg (appointed 01.01.03)	-	-	20,000	-	-
R Morgan (appointed 01.04.02)	811	352	11,000	-	3,000
RA Murkin	2,435	1,976	34,000	1,409	19,000
PV Smiley	1,668	1,209	34,000	717	19,000
JCEmmett (resigned 10.09.02)	-	-	-	14,199	68,000
JC Pryor (resigned 06.11.02)	-	-	-	1,971	19,000

Various directors were allocated shares on 10th April 2003 as a result of their participation in the company's Share Incentive Plan.

All directors' shareholdings remain unchanged from 4th June 2003.

All the directors as shown above held office for the whole of the year under review except where indicated above.

During the year, options over 23,000 shares were granted to the directors exercisable between 2nd July 2007 and 2nd July 2012 at £ 8.60 per share, options over 130,000 shares were granted to the directors exercisable between 3rd December 2007 and 3rd December 2012 at £5.825 per share and a further 30,000 shares were granted to a director exercisable between 3rd April 2006 and 3rd October 2006 at £5.825 per share.

LEOPOLD JOSEPH & SONS LIMITED

Details of the options granted are as follows:

Name	Date Granted	Number of Options	Option Price £	Exercisable on or after
SC Brooks	03.12.2002	15,000	5.825	03.12.2007
PG Bloom	03.12.2002	15,000	5.825	03.12.2007
MA Boucher	03.12.2002	15,000	5.825	03.12.2007
M Fornara	03.12.2002	30,000	5.825	03.04.2006
W Jones	02.07.2002	20,000	8.600	02.07.2007
W Jones	03.12.2002	30,000	5.825	03.12.2007
M Ladenburg	03.12.2002	20,000	5.825	03.12.2007
R Morgan	02.07.2002	3,000	8.600	02.07.2007
R Morgan	03.12.2002	5,000	5.825	03.12.2007
RA Murkin	03.12.2002	15,000	5.825	03.12.2007
PV Smiley	03.12.2002	15,000	5.825	03.12.2007

The directors and their families and trusts had no direct interest in the shares of Leopold Joseph & Sons Ltd at 31st March 2002 and 31st March 2003. The company maintained directors' and officers' liability insurance during the year.

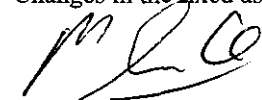
CREDITOR PAYMENT POLICY

The company does not intend to follow any published code or standard with respect to payment of trade creditors. However, it is the company's policy to accept or negotiate the payment terms extended by suppliers at the commencement of trade or on agreement of contractual terms if earlier. It is also company policy to abide by agreed terms of payment except in cases of supplier default or error. The company does not distinguish between classes of supplier for creditor payment policy purposes. The average number of creditor days is approximately 21 (2002- 21).

OTHER

During the year charitable donations amounted to £2,553 (2002 - £1,332). No political donations were made in the year (2002 - £Nil).

Changes in the fixed assets of the company are detailed in note 15 to the financial statements.



By order of the Board

Paul Thrussell

Secretary

25th June 2003

LEOPOLD JOSEPH & SONS LIMITED

PROFIT and LOSS ACCOUNT

for the year ended 31st March 2003

	Notes	2003 £000	2002 £000
Interest receivable:			
Interest receivable and similar income arising from debt securities		5,797	7,166
Other interest receivable and similar income		8,853	9,125
Less: interest payable		(9,532)	(11,132)
Net Interest Income		5,118	5,159
Dividends receivable		1,100	950
Fees and commissions receivable		3,823	3,703
Less: fees and commissions payable		(239)	(331)
Dealing profits		1,253	1,253
Other operating income		-	4
Operating Income	2	11,055	10,738
Administrative expenses	3	(8,794)	(8,531)
Depreciation	15	(567)	(447)
Movement on provision for bad and doubtful debts	11	-	-
		(9,361)	(8,978)
Profit on Ordinary Activities before Tax	4	1,694	1,760
Tax on profit on ordinary activities	7	(357)	(261)
Profit on Ordinary Activities after Tax		1,337	1,499
Dividends - paid		(350)	(325)
- proposed		(950)	(1,000)
Retained Profit for the Year		37	174

The results included above are in respect of continuing operations.

There is no difference between the profit before tax and the retained profit shown above and their historical cost equivalents.

The notes on pages 7 to 27 form part of these financial statements.

LEOPOLD JOSEPH & SONS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES *for the year ended 31st March 2003*

	2003 £000	2002 £000
Profit after tax for the year and total recognised gains and losses for the year	1,337	1,499
Total gains and losses recognised since last annual report	1,337	1,499

STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS *for the year ended 31st March 2003*

	2003 £000	2002 £000
At 1st April 2002	20,274	20,100
Profit on ordinary activities after taxation	1,337	1,499
Dividends	(1,300)	(1,325)
At 31st March 2003	20,311	20,274

The notes on pages 7 to 27 form part of these accounts.

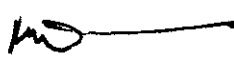
LEOPOLD JOSEPH & SONS LIMITED

BALANCE SHEET

at 31st March 2003

		2003	2002
	Notes	£000	£000
Assets			
Cash and balances at central banks		549	175
Loans and advances to banks	9	22,308	27,371
Loans and advances to customers	10	121,458	101,879
Debt securities	12	148,426	149,973
Equity shares	13	12	7
Investment in subsidiary undertakings	14	1,541	1,541
Tangible fixed assets	15	2,466	2,757
Other assets	16	1,706	1,706
Prepayments and accrued income		2,666	2,095
Total assets		301,132	287,505
Liabilities			
Deposits by banks	17	40,395	33,335
Customer accounts	18	231,531	223,506
Other liabilities	19	2,686	3,599
Accruals and deferred income		1,209	1,791
Subordinated dated loan capital	20	5,000	5,000
		280,821	267,231
Called up share capital	21	5,000	5,000
Share premium account		660	660
Capital Reserves		13,044	13,044
Profit and loss account		1,607	1,570
Equity shareholders' funds		20,311	20,274
Total liabilities		301,132	287,505
Memorandum Items			
Contingent liabilities:			
Guarantees and assets pledged as collateral security	23	557	219
Commitments:			
Other commitments	23	17,260	9,743

Approved by the Board on 25th June 2003 and signed on its behalf by:


Michael Quicke *Chief executive*


Warwick Jones *Finance director*

The notes on pages 7 to 27 form part of these accounts.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

1. Accounting Policies

(a) Basis of presentation

The accounts have been prepared under the historical cost convention modified by the inclusion of certain assets at valuation and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banks, applicable Accounting Standards in the UK and the Statements of Recommended Accounting Practices issued jointly by the British Bankers' Association and the Irish Bankers' Federation. The company is a wholly owned subsidiary undertaking of Leopold Joseph Holdings Public Limited Company and has taken advantage of the provisions of section 228 of the Companies Act 1985 exempting the company from the requirement to prepare consolidated financial statements. Under the provisions of Financial Reporting Standard 1 (revised) the company is not required to prepare its own cashflow statement.

(b) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on the year end appraisal of all loans and advances. Specific provisions are made in respect of identified impaired advances and consequently no general provisions are made. Interest of doubtful collectibility is excluded from the profit and loss account.

(c) Shares in subsidiary undertakings

Shares in group undertakings are stated at the lower of cost and net asset value.

(d) Foreign currencies

Assets and liabilities denominated in foreign currencies have been translated into sterling at the spot rates ruling on the balance sheet date. Forward foreign exchange contracts have been valued at the appropriate forward rates. Gains and losses arising have been recognised in the profit and loss account.

(e) Debt securities and equity shares

Debt securities, equities and other assets intended for use on a continuing basis in the bank's activities are classified as investment securities and are stated at cost less provision for any permanent diminution in value. They are adjusted for discount accretion or premium amortisation as appropriate. The accretion and amortisation of premiums or discounts is included in interest income.

Equities held as investment securities are stated at cost less provisions for any impairment in value.

Equities held for resale are at directors' valuation, which in the case of listed securities is market value.

(f) Off balance sheet instruments

Off balance sheet instruments held for hedging purposes are valued on a basis consistent with the accounting treatment of the underlying transactions. Otherwise they are marked to market.

Interest rate derivatives are accounted for by recording the net income or expense arising from each instrument.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March

(g) Depreciation

Leasehold improvements are depreciated on a straight line basis over the remaining period of the lease, which was approximately 12 years at the reporting date. Other tangible fixed assets are depreciated on a straight line basis over the estimated useful lives as follows:

Computer equipment and software	-	3 to 10 years
Furniture and other equipment	-	3 to 5 years

(h) Current and Deferred taxation

Provision is made for taxation at current rates on the taxable profits and relief for or deferral of overseas taxation is taken where appropriate. Deferred tax is provided in full on timing differences which 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 taxation computations in periods different from those which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is not a commitment to sell the asset or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are not 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.

(i) Pension costs

The company operates defined benefit and defined contribution pension schemes. The pension cost for the defined benefit scheme is charged to the profit and loss account so as to spread the cost of pensions over the expected service lives of scheme members and is determined by independent qualified actuaries undertaking formal actuarial valuations at least every three years. Contributions to defined contribution schemes are recognised in the profit and loss when payable.

(j) Operating leases

Operating lease rentals are charged to the profit and loss in equal amounts over the lease term.

(k) Income recognition

Interest receivable and interest payable are recognised on an accruals basis.

Dealing profits arise on foreign currency transactions and are recognised on a marked to market basis.

Loan related fees and investment commissions are credited to the profit and loss account when earned.

Investment management fees are recognised on an accruals basis.

Fees and commissions payable are recognised on an accruals basis and include charges for brokerage and custodian services.

(l) Related party transactions

The company is exempt under Financial Reporting Standard 8 from the disclosure of transactions with other group entities or investees of the group qualifying as related parties as the consolidated financial statements of Leopold Joseph Holdings PLC are publicly available.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

2 Segmental Information

All transactions are recorded in the United Kingdom

Business classes

The bank has two business classes, banking and investment management. Banking provides a full range of private banking and treasury services to individuals and business customers. Investment management provides a range of investment management services to a similar client base.

	Banking		Investment Management		Central Services		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	£000	£000	£000	£000	£000	£000	£000	£000
Operating income	7,189	7,078	2,766	2,710	1,100	950	11,055	10,738
Profit/(loss) on ordinary activities before taxation	3,154	2,794	217	353	(1,677)	(1,387)	1,694	1,760

Assets have not been allocated to business classes in view of the relatively immaterial net assets held in respect of investment management.

	2003	2002
	£000	£000
3 Administrative expenses		
Staff costs:		
Wages and salaries	3,765	4,034
Social security costs	341	372
Other pension costs	371	328
Other administrative expenses	4,317	3,797
	8,794	8,531

	2003	2002
	Number	Number

The average number of staff employed during the year by the company was 76 (2002: 79).

Analysis by business class:

Banking	58	61
Investment management	18	18

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

	2003 £000	2002 £000
4 Profit on Ordinary Activities Before Tax		
Is stated after:		
(a) charges		
Subordinated loan interest	468	333
Company audit fees	70	70
Auditors' remuneration for non audit work from the company	80	91
Operating lease rentals - office premises	497	497
5 Directors' Emoluments:		
	2003 £000	2002 £000
Emoluments of directors of the company		
Aggregate emoluments	1,684	1,566
Gains made on exercise of share options	62	127
Company pension contributions to money purchase schemes	40	26
Details of the highest paid director:		
Aggregate emoluments	197	238
Defined benefit pension scheme:		
Accrued pension at the end of the year	66	59

Certain directors have deposits with the company on normal commercial terms. Where directors have funds managed by the company, normal transaction fees are paid but management fees are reduced. Other banking and treasury transactions are conducted on an arm's length basis.

6. Pension Costs

The company operates a funded pension scheme in London providing defined benefits. The assets of the scheme are held separately from those of the company, being partly invested in units of an independently managed pension fund and partly managed by Leopold Joseph & Sons Limited. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions across the expected working lives of the scheme members.

The contributions are determined by a qualified actuary on a basis of triennial valuations using the partly projected unit method, with a 20 year control period, and making allowances for new entrants. The most recent was as at 31st March 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in pensionable salaries, which were 7.3% per annum and 5.0% per annum respectively. In calculating the discounted income value of assets, equity dividends were assumed to increase in the future at 4.5% per annum. At the valuation date, the actuarial value was sufficient to cover 91% (previously 96%) of the liabilities for pensioners, deferred pensions and in-service members based on the funding method employed. Following the valuation, it has been agreed that total contributions be paid at the rate of 19.5% (previously 19.2%) of pensionable salaries, inclusive of

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NOTES to the Financial Statements for the year ended 31st March 2003

members' contributions, plus life assurance costs. The market value of the scheme assets at 1st April 2001 was £6,500,246 plus life assurance. The pension cost charged in respect of this scheme was £323,938 (2002: £292,594).

Management fees and commissions charged by Leopold Joseph & Sons Limited to the Pension Scheme are at a reduced commercial rate. The actuarial and administrative costs of the scheme are paid for by the company.

The company also operates a defined contribution scheme.

FRS17 Retirement Benefits

The company operates a funded pension scheme in the United Kingdom. The scheme has both defined benefit and defined contribution sections although the defined contribution section is relatively small.

In November 2000 the Accounting Standards Board issued FRS 17 "Retirement Benefits" replacing SSAP 24 "Accounting for Pension Costs". Full implementation of FRS 17 has been delayed and a revised effective date has yet to be formalised by the Accounting Standards Board. However, certain disclosures are required in the transitional period, for periods ending on or after 22nd June 2001. These further disclosures are included below.

The pension cost that would have been charged to operating profits under FRS 17 for the year amounts to £362,000. This charge is equal to the service cost of £346,000 in respect of the defined benefit section of the scheme, plus contributions of £16,000 paid by the company in respect of the defined contribution section of the scheme. Except where stated otherwise, the remainder of the FRS 17 pension note relates only to the defined benefit section of the scheme.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

A full actuarial valuation was carried out at 31 March 2001 and updated to 31 March 2003 by a qualified independent actuary.

The main assumptions used by the actuary were:

	At 31.03.03 (% p. a.)	At 31.03.02 (% p.a.)
Rate of increase in salaries	4.1%	5.0%
Rate of increase of LPI linked pensions in payment	2.6%	3.0%
Discount rate	5.4%	6.1%
Inflation assumption	2.6%	3.0%

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long-term rate of return expected at 31.03.03	Fair value at 31.03.03 £000's	Long-term rate of return expected at 31.03.02	Fair value at 31.03.02 £000's
Equities & property	7.5%	3,055	8.3%	3,567
Fixed interest	5.0%	631	5.8%	700
Index-linked gilts	4.5%	1,649	5.3%	1,653
Cash and other	3.8%	554	4.0%	619
Defined contribution section	-	33	-	-
Total market value of assets		5,922		6,539
Present value of liabilities		(8,830)		(7,657)
(Deficit) in the scheme		(2,908)		(1,118)
Related deferred tax asset		872		335
Net pension (liability)		(2,036)		(783)

Volatility of FRS 17

It should be noted that the methodology and assumptions prescribed for the purposes of FRS 17 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Movement in (deficit) during the year

	£000
(Deficit) in scheme at the beginning of the year	(1,118)
Movement in the year:	
Current service cost	(346)
Employer contributions	335
Past service costs	-
Other finance income	(17)
Actuarial loss	(1,762)
(Deficit) in scheme at the end of the year	(2,908)

During the year, the company contributed at the rate of 15.6% of pensionable salaries.

Company contributions amounting to £Nil (2002 : £Nil) were due to the scheme as at the year end. The current Schedule of Contributions requires the company to contribute at the rate of 15.6% of pensionable salaries.

If the FRS17 net deficit had been accounted for as a liability of the company in 2003, the charge to the company profit and loss account, the effect on the statement of total recognised gains and losses, and the movement on the pension scheme deficit would have been;

Year ended 31.03.2003

Analysis of the amount charged to operating profit

	2003 £000
Current service cost	346
Past service cost	-
Total operating charge (net of employee contributions)	346

Analysis of the amount debited to other finance income

Expected return on scheme assets	456
Interest on scheme liabilities	(473)
Net return	(17)

Analysis of amount recognised in statement of total recognised gains and losses

Actual return less expected return	(1,300)
Experience gains and losses	3
Changes in assumptions	(465)
Recognised actuarial loss	(1,762)

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

History of experience gains and losses

		2003 £000
Difference between actual return and expected return on scheme assets	Amount % of plan assets	(1,300) (22%)
Experience gains and losses on scheme liabilities	Amount % of plan liabilities	3 0%
Total amount recognised in statement of total recognised gains and losses	Amount % of plan liabilities	(1,762) 20%

7 Tax on Profit on Ordinary Activities

	2003 £000	2002 £000
Current tax:		
UK corporation tax at 30% (2002: 30%)	587	515
(Overprovision) in Prior years	(21)	(36)
Double tax relief	(250)	(230)
Total Current Tax Charge	316	249
Deferred Tax:		
Origination and reversal of timing differences	41	12
Adjustments to estimated recoverable deferred tax assets in previous periods	(10)	-
Adjustments in respects of prior years	10	-
Total deferred tax	41	12
	357	261
Factors affecting tax charge for period	2003 £000	2002 £000
Profit on ordinary activities before tax	1,694	1,760
Standard tax rate in UK of 30%	508	528
Effects of:		
Expenses not deductible for tax purposes	54	35
Capital allowances for period in excess of depreciation	(41)	11
Group relief	(7)	(10)
Underlying foreign tax credits	(175)	(173)
Previously unrecognised deferred tax asset	-	(106)
Other deferred tax movements	(2)	-
Adjustments to tax charge in relation to prior periods	(21)	(36)
	316	249

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NOTES to the Financial Statements for the year ended 31st March 2003

Provision for deferred tax:		
Accelerated capital allowances	41	12
Discount	-	-
	<u>41</u>	<u>12</u>
Provision at start of period	12	-
Deferred tax charge in profit and loss account for period	41	12
Provision at end of period	<u>53</u>	<u>12</u>

8 Foreign Currency Assets and Liabilities

	2003 £000s	2002 £000s
Assets:		
Sterling denominated	278,145	259,665
Foreign currency denominated	<u>22,987</u>	<u>27,840</u>
Total Assets	<u>301,132</u>	<u>287,505</u>
Liabilities:		
Sterling denominated	281,195	257,731
Foreign currency denominated	<u>19,937</u>	<u>29,774</u>
Total liabilities	<u>301,132</u>	<u>287,505</u>

9 Loans and Advances to Banks

	2003 £000s	2002 £000s
Repayable on demand	19,996	19,525
Other loans and advances		
Remaining Maturity:		
- One year or less but over three months	-	-
- Three months or less	<u>2,312</u>	<u>7,846</u>
	<u>22,308</u>	<u>27,371</u>
Amounts include		
Due from subsidiary undertakings	<u>44</u>	<u>11,317</u>

None of the above loans are subordinated.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

10 Loans and Advances to Customers

	2003	2002
	£000	£000
Repayable on demand	112,931	92,201
Remaining maturity:		
- Over five years	-	260
- Five years or less but over one year	1,565	2,468
- One year or less but over three months	6,126	7,175
- Three months or less	1,061	-
Specific bad and doubtful debt provisions	(225)	(225)
	<u>121,458</u>	<u>101,879</u>
Included in the above are loans to other group undertakings	<u>1,215</u>	<u>1,394</u>

As at 31st March 2003, 66% (2002 - 69%) of the above loans are to individuals or companies in the property investment sector.

The majority of these loans relate to property investments. Of the non-property investment sector loans, a significant number were secured on highly liquid assets.

11 Provisions for Bad and Doubtful Debts

	2003	2002
	£000	£000
At 1st April 2002 and 31 st March 2003	225	225

All of the above specific provisions relate to loans and advances to group undertakings.

12 Debt Securities

	2003	2002
	£000	£000
Issued by other issuers:		
Investment securities:		
Bank and building society certificates of deposit	148,426	149,973
	<u>148,426</u>	<u>149,973</u>
Amounts include:		
Due within one year	148,426	134,973
Due one year and over	-	15,000
	<u>148,426</u>	<u>149,973</u>
Unamortised premiums on investment securities	26	10

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Investment securities	Cost	Discounts and Premiums	Provisions	Carrying Value
	£000	£000	£000	£000
As at 1 st April 2002	149,963	10	-	149,973
Acquisitions*	824,992	44	-	825,036
Disposals*	(826,555)	(28)	-	(826,583)
At 31st March 2003	148,400	26	-	148,426

*The acquisitions and disposals disclosed above are principally of short-term certificates of deposit which are used for liquidity and hedging purposes. These instruments are generally held until maturity.

Listing Analysis	2003	2002
	£000	£000
Listed in the UK	-	-
Unlisted	148,426	149,973
Market value of listed investments	-	-

13 Equity Shares

	Listed £	Unlisted £
Investment Securities		
At 1 st April 2002	6	-
Acquisitions	-	7
Disposals	-	-
Provisions	(1)	-
At 31st March 2003	5	7

The directors consider that the fair value of the equity investments is at least equal to cost.

14 Shares in Subsidiary Undertakings

Incorporated, registered and operating in England and Wales unless otherwise stated

Percentage of ordinary shares
and voting rights held by the
relevant parent company

	2003	2002
Held by the company		
Carlbite Investments Limited (<i>Investment dealing</i>)	100	100
Chandos Holdings Limited (<i>Investment holding</i>)	100	100
Leojay Holdings Limited (<i>Investment holding</i>)	100	100
Leopold Joseph Nominees Limited (<i>Corporate trustee and nominee</i>)	100	100
Leopold Joseph Unit Trust Managers Limited (<i>Unit Trust Manager</i>)	100	100

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Held by the company, Incorporated, registered and operating in Guernsey:

Leopold Joseph (Guernsey) Limited <i>(Holding company)</i>	100	100
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Held by Leopold Joseph (Guernsey) Limited Incorporated, registered and operating in Guernsey:

Leopold Joseph & Sons (Guernsey) Limited <i>Private bank</i>	100	100
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Leopold Joseph Trust Company (Guernsey) Limited <i>Corporate trustee</i>	100	100
--	-----	-----

Held by Leopold Joseph (Guernsey) Limited ; Incorporated, registered and operating in the Commonwealth of the Bahamas

Leopold Joseph (Bahamas) Limited <i>Corporate trustee</i>	100	100
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Held by Leopold Joseph & Sons (Guernsey) Limited . Incorporated, registered and operating in Guernsey.

Leopold Joseph & Sons (Guernsey) Nominees Limited (Corporate trustee and nominee)	100	100
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Insignificant subsidiaries have been omitted from the list above to avoid a statement of excessive length.

The value of shares at cost of unlisted non-banking subsidiaries at 31st March 2003 was £1,883,003 (2002: £1,883,003)

The value of the share of net assets of subsidiary undertakings included in the balance sheet at 31st March 2003 was £1,541,315 (2002: £1,541,315)

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

15 Tangible Fixed Assets

	Leasehold Improvements £000	Computer Equipment & Software £000	Furniture And Other Equipment £000	Total £000
Cost at 1 st April 2002	722	3,051	482	4,255
Additions	-	259	17	276
Cost at 31 st March 2003	722	3,310	499	4,531
Depreciation 1 st April 2002	110	1,157	231	1,498
Charge for the year	47	419	101	567
Depreciation at 31 st March 2003	157	1,576	332	2,065
Net book value at 31 st March 2003	565	1,734	167	2,466
Net book value at 31 st March 2002	612	1,894	251	2,757

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

16. Other Assets

	2003 £000	2002 £000
Foreign exchange and interest rate contracts	854	392
Trade debtors	75	56
Other	77	107
Dividends Receivable	700	950
Stock index option premiums	-	201
	<u>1,706</u>	<u>1,706</u>

17. Deposits by Banks

	2003 £000	2002 £000
With agreed maturity or notice period, by remaining maturity:		
Five years or less but over 1 year	-	5,810
One year or less but over three months	10,810	-
Three months or less but not repayable on demand	8,750	4,727
Repayable on demand	20,835	22,798
	<u>40,395</u>	<u>33,335</u>

Amounts include:

Due to subsidiary undertakings	31,516	30,884
--------------------------------	--------	--------

18. Customer Accounts

	2003 £000	2002 £000
With agreed maturity or notice period, by remaining maturity		
Five years or less but over one year	-	4,567
One year or less but over three months	20,365	24,604
Three months or less but not repayable on demand	97,038	83,836
Repayable on demand	114,128	110,499
	<u>231,531</u>	<u>223,506</u>

Amounts include:

Due to subsidiary undertakings	1,104	1,099
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LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

19. Other Liabilities

	2003 £000	2002 £000
Deferred liabilities	103	181
Foreign exchange and interest rate contracts	851	1
Trade Creditors	613	2,330
Taxation	169	87
Dividends Payable	950	1,000
	<u>2,686</u>	<u>3,599</u>

Deferred liabilities are contracts where there is a liability to provide annual sums over varying periods of years.

20. Subordinated Dated Loan Capital

	2003 £000	2002 £000
Comprises £3,000,000 of loan capital from The Royal London Mutual Insurance Society Limited and £2,000,000 from Wesleyan Assurance Society. Subordinated to all other creditors of the company. The subordinated dated loans mature on 8 th February 2017 and are repayable between 2012 and 2017 at the option of the company. Interest is payable at a rate of 9.2885% until 2012 and 10.2885% thereafter by semi-annual interest payments on 8 February and 8 August each year.	5,000	5,000

21. Share Capital

	2003 £000	2002 £000
Authorised, allotted, issued and fully paid: 5,000,000 Ordinary shares of £1 each	5,000	5,000

22. Capital Reserves

	2003 £000	2002 £000
Capital redemption reserve	200	200
Capital reserve	12,844	12,844
At 31st March 2003	<u>13,044</u>	<u>13,044</u>

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

23.

	Principal Amount 2003 £000	Principal Amount 2002 £000
Contingent liabilities:		
Irrevocable letters of Credit	557	219
	557	219
Commitments:		
Documentary credits and trade-related Transactions	317	40
Undrawn facilities: (a)		
Under one year	1,200	-
Over One year	15,743	9,703
	17,260	9,743

- (a) During the period, the company modified the basis upon which undrawn facilities are recognised as commitments. Accordingly, the prior year comparative has been restated in accordance with the revised practice.

In the ordinary course of business, the company has custody of customers' securities and issue indemnities on behalf of customers who have lost certificates of title.

In addition to the items disclosed above, there are contingent liabilities arising in the ordinary course of the banking business.

The company has provided letters of comfort to regulatory authorities that a certain subsidiary undertaking will be adequately capitalised and that it will meet its contractual obligations. At 31st March 2003 the total maximum exposure was £7,400,000 of which £2,600,000 is cash collateralised.

24. **Derivatives and other financial instruments**

The disclosure in this note is required by FRS 13: "Derivatives and other financial instruments: disclosure". The objective of this FRS is to ensure that relevant companies provide in their accounts disclosures that enable users to assess their objectives, policies and strategies for holding or issuing financial instruments. In particular, the information is designed to enable users to assess:

- a) the risk profile for each of the main financial risks that arise in connection with financial instruments; and
- b) the significance of such instruments to the reported financial position, performance and cashflows regardless of whether the instruments are on balance sheet or off balance sheet.

Review of the Bank's Risk Profile

Credit Risk

Credit risk is the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the bank. The bank manages its credit risk through a credit committee and seeks to optimise the use of credit availability whilst avoiding excessive risk concentration. Regular credit exposure reports are produced which include information on large credit exposures, asset concentration, industry and country exposures and levels of bad debt provisioning.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Liquidity Risk

Liquidity risk is the risk that the bank will encounter difficulty in realising assets or otherwise raising funds to meet its commitments as they fall due. The bank monitors expected cash outflow on a daily basis and has a policy to ensure liquidity by maintaining at all times sufficient high-quality liquid assets to cover the expected net cash outflows over the next calendar month. The residual maturity analysis of the assets and liabilities is disclosed in the respective notes to the balance sheet.

The customer deposit base represents a stable source of funding due to the number and diversity of depositors. Liquidity is further managed through dealings in the money markets. As at 31st March 2003 the bank had no deposits or money market liabilities due to mature in more than five years.

Interest Rate Risk

Exposure to interest rate risk is the risk that arises when there is an imbalance between the maturity dates of rate sensitive assets, liabilities and off-balance sheet items. The bank's policy is to maintain the interest rate risk at a controlled level with limits set by the board. Interest rate swaps and forward rate agreements are used to manage interest rate exposure. Free capital is invested in liquid fixed rate instruments which provide a secure base for the income of the bank and which are available to meet contingencies should they arise.

Foreign Currency risk disclosures

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The bank's foreign exchange exposure arises from providing services to customers. Senior management receives daily reports on foreign currency exposures.

Operational Risk

Operational risk is the risk of economic loss from control failures or external events which result in unexpected or direct loss to the company.

Risk Management

The company regards the monitoring and controlling of risk as a fundamental part of the management process and accordingly involves its most senior staff in developing risk policy and in monitoring its application. Market, credit and liquidity risks are inherent in the company's core business. The evaluation of these risks and setting of policies is carried out either through the board or through executive committees, notably the credit committee and the assets and liabilities committee. The credit committee covers counterparty or credit risk and the assets and liabilities committee covers liquidity and market risk. Operating risks and internal controls are monitored by the executive audit and compliance committee as well as by the holding company audit committee.

Derivative Instruments

Exchange rate contracts are used in order to satisfy customer requests for such instruments. It is the company's policy to lay off any significant positions arising in the institutional market.

Three classes of interest rate contract are used by the company in its business. Interest rate caps, swaps and forward rate agreements are sold to clients on request and positions arising are then covered in the institutional market. Interest rate swaps and forward rate agreements are also used to hedge the return arising from the capital of the bank.

The credit and market risks arising from the use of derivatives as described above are monitored by the credit and assets and liabilities committees. The company does not currently transact derivatives which require the use of collateral deposits, nor are positions netted when considering exposure and risk. There has been no change during the year to the company's objectives, policies or strategies with regard to derivatives and other financial instruments. Because Leopold Joseph is a private bank, most of the items in the balance sheet are financial instruments.

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Currency Risk Exposures

The company does not have any structural currency exposures.

Interest rate risk disclosures

The company's business of banking is concerned with financial instruments, principally loans and deposits in various currencies but mainly in sterling. Interest rates applied to loans and deposits are normally variable at the discretion of the bank and linked to LIBOR or Base Rate. In order to prevent sudden falls in interest income, the group invests its free capital at fixed rates for periods on average of two to five years and normally uses the swap and forward rate agreement markets to effect this strategy. This turns a variable rate of interest into a fixed rate of interest on the bank's capital and reserves. Otherwise the use of derivative instruments is primarily customer driven. The year-end figures are representative of the development of the business during the year in pursuance of its stated objectives, policies and strategies.

Part of the company's return on financial instruments is obtained from the controlled mismatching of the dates on which the instruments mature or have their interest rates reset to market rates. The table below summarises these repricing mismatches. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The actual interest rate sensitivity will be determined by subsequent customer and management decisions.

2003	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not more than three years	More than Three years but not more than five years	More than five years	Non-interest bearing	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Assets:								
Government securities	-	-	-	-	-	-	-	-
Loans and advances to banks	21,666	-	-	-	-	-	1,191	22,857
Loans and advances to customers	114,084	-	1,000	-	5,159	-	1,215	121,458
Debt securities & equity shares	71,000	63,418	14,008	-	-	-	12	148,438
Other assets	-	-	-	-	-	-	8,379	8,379
Total assets	206,750	63,418	15,008	-	5,159	-	10,797	301,132
Liabilities:								
Deposits by banks	33,319	-	5,810	-	-	-	1,266	40,395
Customer accounts	225,034	200	6,297	-	-	-	-	231,531
Other liabilities	-	-	-	-	-	-	3,895	3,895
Loan capital & other subordinated liabilities	-	-	-	-	-	5,000	-	5,000
Minority interests & shareholders' funds	-	-	-	-	-	-	20,311	20,311
Total liabilities	258,353	200	12,107	-	-	5,000	25,472	301,132
Off balance sheet items	(6,500)	(16,500)	3,000	5,500	9,500	5,000	-	-
Interest rate sensitivity gap	(58,103)	46,718	5,901	5,500	14,659	-	(14,675)	-
Cumulative gap	(58,103)	(11,385)	(5,484)	16	14,675	14,675	-	-

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

2002	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not more than three years	More than three years but not more than five years	More than five years	Non- interest bearing	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Assets:								
Government securities	-	-	-	-	-	-	-	-
Loans and advances to banks	25,957	-	-	-	-	-	1,589	27,546
Loans and advances to customers	88,884	1,388	3,245	2,580	4,388	-	1,394	101,879
Debt securities & equity shares	65,000	55,000	14,973	15,000	-	-	6	149,979
Other assets	-	-	-	-	-	-	8,101	8,101
Total assets	179,841	56,388	18,218	17,580	4,388	-	11,090	287,505
Liabilities:								
Deposits by banks	27,090	-	-	5,810	-	-	434	33,334
Customer accounts	211,306	4,056	3,577	4,567	-	-	-	223,506
Other liabilities	-	-	-	-	-	-	5,391	5,391
Loan capital & other subordinated liabilities	-	-	-	-	-	5,000	-	5,000
Minority interests & shareholders' funds	-	-	-	-	-	-	20,274	20,274
Total liabilities	238,396	4,056	3,577	10,377	-	5,000	26,099	287,505
Off balance sheet items	(24,000)	(21,000)	1,000	19,500	19,500	5,000	-	-
Interest rate sensitivity gap	(82,555)	31,332	15,641	26,703	23,888	-	(15,009)	-
Cumulative gap	(82,555)	(51,223)	(35,582)	(8,879)	15,009	15,009	-	-

Hedging

A hedge is an instrument that has a value or cashflow that is expected to move inversely with changes in the cashflows of the position being hedged. The group's policy is to hedge any significant obligation to clients. Any remaining position is covered by limits set by the board. Unrecognised gains and losses on hedges are expected to be matched by losses and gains on the hedges transaction or positions.

	2003 £000	2002 £000
Unrecognised net gains at 31st March 2002	638	2,502
Included in the profit and loss account	(633)	(604)
Prior year items not recognised	5	1,898
Current year items not recognised	1,485	(1,260)
Unrecognised net gains at 31st March 2003	1,490	638
Of which:		
likely to be recognised by 31st March 2004	551	509
likely to be recognised after 31st March 2004	939	129

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Derivative instruments disclosures

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, caps, forward rate agreements, futures, options and combinations of these instruments and are usually off balance sheet.

The amounts of off balance sheet instruments which are disclosed below are also representative of the business during the year. Disclosure of derivative contracts entered into by the bank was made in the company's accounts in prior years in accordance with recommended practice for banks. In order to remain consistent and to provide information which is useful to readers we have continued the disclosure along the same lines as in previous years.

Contract Type	2003	Customer	Gross	Gross	2002	Customer	Gross	Gross
	Non-trading Notional principal £000	facilitation Notional principal £000	Positive fair value £000	negative fair value £000	Non-trading Notional Principal £000	facilitation Notional Principal £000	positive fair value £000	Negative fair value £000
Exchange rate	-	68,363	854	851	-	52,455	583	224
Interest rate	150,220	9,220	2,823	1,333	103,000	60,400	736	584
Equity	-	-	-	-	-	7,004	486	-
	150,220	77,583	3,677	2,184	103,000	119,859	1,805	808

The residual maturity of counterparty exposures arising from over the counter and non-margined exchange traded contracts is set out below. Replacement cost is defined as the cost of replacing all transactions with a positive fair value.

Revaluation profits on equity contracts are attributable to Millennium account holders.

	2003				2002			
	One year or less £'000	Between one and five years £'000	Five years or more £'000	Total	One year or less £'000	Between one and five years £'000	Five years or more £'000	Total
Residual maturity:								
Replacement cost:								
Financial Institution	541	2,193	253	2,987	690	641	-	1,331
Other	385	305	-	690	429	45	-	474
	926	2,498	253	3,677	1,119	686	-	1,805
Notional principal:								
Financial Institutions	66,240	119,220	5,000	190,460	51,386	127,200	5,000	183,586
Other	31,123	6,220	-	37,343	22,573	16,200	-	38,773
	97,363	125,440	5,000	227,803	73,959	143,400	5,000	222,359

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

Fair Values

The fair value of financial assets and liabilities held on the balance sheet is the same as the book value with the exception of bank and building society certificates of deposit which are included under debt securities and are more fully described in note 12. These certificates of deposit are held primarily for liquidity purposes. Because they are short term in nature the fair value of these instruments is not materially different from book value.

Instruments held for trading

The company maintains tight treasury dealing limits and its treasury activities are concentrated on customer facilitation and managing the bank's own book. Dealing profits arise on foreign currency transactions which stem from a mixture of own account trading and customer facilitation. Limits are set so that in a single day no significant loss should arise. The dealing profits for the year were £1,253,000 (2002 : £1,253,000).

Other than foreign exchange positions the company has not identified any assets or liabilities as being specifically for trading.

At 31st March 2003 the net positions held in foreign currencies were as follows:

	2003 £000	2002 £000
US dollars	(48)	(199)
Swiss francs	(42)	60
Euros	27	54
Other	(48)	73
Total	(111)	(12)

The group does not use sensitivity analysis or value at risk methods to monitor exposure. During the year overnight exposures on the trading book were as follows:

	2003 £000	2002 £000
Highest	749	1,109
Lowest	1	1
Average	173	288

25. Capital Expenditure

Capital expenditure of £119,000 (2002: £140,000) has been authorised but not yet contracted for.

Capital expenditure of £16,000 (2002: £1,000) has been authorised and contracted for.

At 31st March 2003 the company's annual commitment under non-cancellable operating leases was:

	2003 £000	2002 £000
Office premises - over five years	<u>662</u>	<u>662</u>

LEOPOLD JOSEPH & SONS LIMITED

NOTES to the Financial Statements for the year ended 31st March 2003

26. Related Party Disclosures

Leopold Joseph & Sons Limited as a banking company is obliged under normal circumstances to maintain strict confidentiality in respect of the identity of its clients, contractual arrangements with clients and their personal transactions and therefore normal banking transactions with directors and their families are not disclosed except where required by statute.

The Leopold Joseph & Sons Limited Pension Scheme is by definition a related party and transactions with the scheme are disclosed in note 6.

As the company is a wholly owned subsidiary of Leopold Joseph Holdings plc, it is exempt from disclosure of transactions with other group undertakings under Financial Reporting Standard 8.

27. Ultimate Parent Company

The company's ultimate and immediate parent company and ultimate controlling entity is Leopold Joseph Holdings Public Limited Company, incorporated in England and Wales, which is the company for which consolidated financial statements are prepared.

The financial statements of the ultimate parent company may be obtained from 99 Gresham Street, London EC2V 7NG.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEOPOLD JOSEPH & SONS LIMITED

We have audited the financial statements of Leopold Joseph & Sons Limited for the year ended 31st March 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of movements in shareholders' funds and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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.

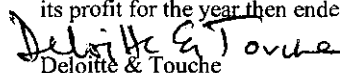
BASIS OF AUDIT OPINION

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 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 as at 31st March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and Registered Auditors
London

25th June 2003

LEOPOLD JOSEPH & SONS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

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 as at the end of the financial year 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;
- 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 company will continue in business.

The directors confirm that they have met the above requirements.

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 the company's system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Paul Thrussell
Secretary
25th June 2003

LEOPOLD JOSEPH & SONS LIMITED COMPANY

NOTICE of MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held on 9th September 2003 at the registered offices of the company, 99 Gresham Street, London EC2V 7NG at 11 a.m. for the following purposes:

- 1 To receive the directors report and audited accounts for the year ended 31st March 2003.
- 2 To consider the directors' recommendation on the final dividend.
- 3 To elect as a director, Michael Ladenburg, who was appointed on 1st January 2003.
- 4 To re-appoint Deloitte & Touche as auditors for the ensuing year and to authorise the directors to fix their remuneration.
- 5 To transact any other business of an Annual General Meeting.

By order of the Board



Paul Thrussell
Secretary
25th June 2003

A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend and vote (on a poll) instead of him / her. A proxy need not be a member of the company.