

(a) Spot Foreign Exchange

The foreign exchange markets, other than in the Asian Pacific region, were reasonably active in 1993 and Exco's Spot Foreign Exchange operations performed commendably well. The results achieved in Spot \$/Mark were particularly pleasing. A number of measures were taken in 1993 to strengthen the London spot desks and, as the year drew to a close, evidence of improvement in the performance of these desks was becoming apparent.

1993 saw the launch of two further electronic matching systems into the spot foreign exchange markets. Whilst the threat which this technology may pose to the traditional voice-based brokers is difficult to assess at this early stage, Exco is continuing to monitor these developments closely.

(b) Money Markets

Despite periodic lulls in trading activity in the markets, Exco made good progress in its Money Market operations. Highest growth was seen in off-balance sheet instruments, particularly in the trading of short term swaps. The liberalisation of the forward rate agreement (FRA) market in Tokyo did not occur as anticipated, but it is hoped that this development will take place in the near future.

Strenuous efforts were made, with some success, during 1993 to upgrade staff quality throughout the Group in the Money Markets division through a process of recruitment. The division also benefited from a closer integration of the forward foreign exchange and deposits desks, and a considerable strengthening of the Group's arbitrage broking capability.

(c) Derivatives

The global derivatives markets grew strongly in 1993, partly as a result of increased trading by the hedge funds, and Exco companies performed correspondingly well in derivative instruments. The Group maintained its global leadership in currency options and registered creditable growth in interest rate derivatives, including medium-term swaps and interest rate options.

In December, Exco acquired CMS Capital Market Services A.G., a leading Zurich-based medium-term swaps broker. This transaction represents an important element in Exco's strategy to expand its coverage of Continental European financial centres in interest rate derivative products.

(d) Government Securities

1993 was an excellent year for Exco's Inter Dealer Broking (IDB) businesses, which operate in a number of fixed income, principally government, securities markets. Trading was active in New York, London and Toronto, the major centres in which Exco's IDBs operate, and the division produced a substantial profit increase over the previous year.

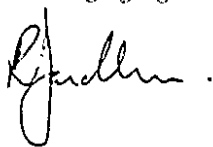


WORLDWIDE

CHIEF EXECUTIVE'S REVIEW

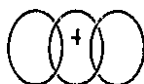
At the end of the year, Exco transferred its LDC Sovereign Debt activities from Moneybroking to the Government Securities division, in order to take advantage of the screen-based broking technology upon which the IDBs rely. The Group continues to search for opportunities to apply advances in information technology to all of its broking operations and to ensure that developments are rapidly made available to the entire global network.

In summary, 1993 has been a year of considerable progress for Exco. The Group now has a substantially re-shaped management team and a structure which places greater emphasis upon global product management. The efforts made in recent years to improve the control of costs and strengthen Exco's presence in a number of key areas are beginning to show results and encouraging signs of renewed confidence are visible within the Group.



Ron Sandler
Chief Executive

28 April 1994



WORLDWIDE

CHIEF EXECUTIVE'S REVIEW



The private placing in 1992 of 60% of Exco's shares marked a significant turning point for the Group. The introduction of new shareholders, including many senior employees, and the resolution of the uncertainty surrounding the Group's ownership have added greatly to staff confidence and given a considerable boost to the Group's momentum. This is reflected in the improved financial performance achieved in 1993.

Strategy

Exco is committed to maintaining its position as a leader in global moneybroking and government securities broking. The breadth of Exco's broking activities, in terms of both product coverage and geographical spread, represents an important competitive strength which the Group is committed to preserve and exploit.

Achieving Exco's strategic objectives requires that attention is paid to all aspects of the Group's competitiveness and, in particular, to:

- The development of effective global networks to provide an integrated, 24 hour service
- The ability to react promptly to shifts in the trading patterns of customer banks and to exploit emerging market opportunities
- The use of advanced systems and telecommunications technologies to streamline operations and enhance the quality of customer service
- A high degree of control over costs

Above all, Exco is determined to ensure the highest possible standards of professionalism, through an emphasis upon attracting, developing and motivating top quality staff.

Operational Review

The markets in which Exco operates remained highly competitive throughout 1993. In moneybroking, the efforts of banks to obtain greater discounts on commissions paid to broking firms continued unabated in all the major financial centres. Upward pressure on salaries was also experienced in all markets, as firms competed to recruit experienced individual brokers. The impact of these forces was mitigated, to a degree, by reasonably active and volatile markets, except in the Asian Pacific region where the weakness of the Japanese economy had a dampening effect on trading volumes. In these circumstances, Exco's moneybroking operations performed creditably with all three moneybroking product divisions (Spot Foreign Exchange, Money Markets and Derivatives) producing improved levels of profit.

Conditions in the fixed income securities markets in which Exco operates were very favourable. The combination of declining interest rates and high levels of government deficit funding led to active markets, producing a sharp improvement in the profit performance of the Group's securities broking businesses.

Overall, Exco's profit before tax increased from £27.3 million in 1992 to £41.5 million in 1993, leading to a growth in profit attributable to shareholders of 51%.





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CHAIRMAN'S STATEMENT

I am very pleased to report on the performance of Exco in 1993.

Operating Results

For the Group as a whole, profit before tax was £41.5 million, representing an increase of 52% over 1992. Turnover was £211.3 million, an increase of 28% over the previous year. Net assets grew by 23%. Bank borrowings were reduced from U.S.\$46 million at the end of 1992 to U.S.\$30 million at the end of 1993. Group profits were aided by the strengthening of the U.S. dollar against sterling.

These results are encouraging and represent a very satisfactory achievement. The Group paid dividends at the target level established at the time of the 1992 private placing. These dividends were more than three times covered by attributable earnings.

**Market Conditions**

Most of the markets in which Exco operates were more active than in the previous year. This was particularly the case in the government securities markets in the U.S., U.K. and Canada, where trading conditions were extremely favourable, and in the markets for off-balance sheet and derivative instruments. The wholesale financial markets in the Asian Pacific region, however, remained subdued, with the weakness of the Japanese economy inhibiting the trading capability of the major banks.

The markets remained highly competitive, with continued pressure from bank customers on all broking firms to reduce commission levels.

Board

During the year, Richard Worthington and Richard Jackson resigned as directors of the company. The knowledge and experience of both men has been invaluable and we are grateful to them for the significant contributions they have made to the Group.

In April 1994, a restructuring of the Board was undertaken in order to improve decision making procedures and ensure that the Group is well prepared to meet the challenges of the future. As a consequence, the size of the Board was reduced from eighteen to eleven, comprising five Executive and six Non-Executive Directors. At the same time, the company changed its name from Exco International p.l.c. to Exco plc.

Outlook

1994 has begun satisfactorily for the Group. Signs of a global economic recovery are present and it is hoped that this will lead to further improvements in trading conditions in the Group's markets. The steps taken in recent years by the management of Exco to strengthen the business are undoubtedly having an impact on performance and I remain confident that Exco is well positioned to face the future.

Carel Mosselmans
Chairman

28 April 1994



WORLDWIDE



A6PW91YV

A17 RECEIPT DATE: 09/06/94

Directors

Carel Maurits Mosselmans* (Chairman)

Ronald Arnon Sandler (Chief Executive)

Peter Neville Buckley*

Peter John Edge

Michael Charles Johns*

Richard Clifford Lacy*

James Patrick Magee

Paul Myners*

John Alan Richardson*

Kim Michael Taylor

Marcel Wolf

* non-executive

Remuneration Committee

Carel Maurits Mosselmans

Ronald Arnon Sandler

Peter Neville Buckley

Michael Charles Johns

Richard Clifford Lacy

Paul Myners

John Alan Richardson

Audit Committee

Peter Neville Buckley

Michael Charles Johns

Paul Myners

John Alan Richardson

Secretary and Registered Office

Edward Charles Pank

119 Cannon Street, London EC4N 5AX

Registered Auditors

Coopers & Lybrand

Chartered Accountants

Plumtree Court, London EC4A 4HT



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DIRECTORS' REPORT

Exco plc and Subsidiary Undertakings

1. The directors have pleasure in presenting their annual report together with the group accounts for the year ended 31 December 1993.

2. Principal activities

The principal activity of the Group is international wholesale money and securities broking. The profit and loss account for the year is set out on page 8.

3. Review of business

A review of the business of the Group and its development during the financial year is set out on pages 1 to 4.

4. Dividends and transfers to reserves

An interim dividend of £2,998,000 in respect of 1992 was paid on 1 April 1993. In respect of 1993's profit the company paid a first interim dividend on 7 October 1993 and a second interim dividend on 28 April 1994, each of £3,150,000. The directors do not recommend the payment of a final dividend. Out of the profit for the financial year £15,784,000 will be taken to reserves.

5. Directors

The directors of the company at 31 December 1993 together with their interests in the D ordinary shares and the options over D ordinary shares of Exco plc are shown below.

	D Ordinary 50p Shares		Options Granted Over D Ordinary 50p Shares	
	31 December 1993	1 January 1993	31 December 1993	1 January 1993
C M Mosselmans	20,000	20,000	30,000	30,000
R A Sandler	38,000	*	140,000	*
P N Buckley (Note)	-	-	-	-
P W Burnand	80,000	80,000	120,000	120,000
P J Edge	88,000	88,000	132,000	132,000
K Fujii	80,000	80,000	120,000	120,000
Goh Say Jim	80,000	80,000	120,000	120,000
M C Johns	-	-	-	-
R C Lacy	105,000	105,000	157,500	157,500
P Myners (Note)	-	-	-	-
I A Richardson	-	-	-	-
J T Sciametta	106,000	88,000	132,000	132,000
K M Taylor	12,000	12,000	18,000	18,000
M Wolf	88,000	88,000	132,000	132,000
W Wong	88,000	88,000	132,000	132,000

* at date of appointment

Note: J H Cartwright and M Douglas are alternate directors to P N Buckley and P Myners respectively. At 31 December 1993, they had no interests in the D ordinary shares and the options over D ordinary shares of Exco plc.

R G Jackson and R P Worthington resigned on 19 April 1993 and 31 July 1993 respectively. R A Sandler was appointed a director on 19 April 1993.

C J Cooke, W H G Kissack, G W Lott and J P Magee were appointed directors on 27 January 1994.

P W Burnand, C J Cooke, K Fujii, Goh Say Jim, W H G Kissack, G W Lott, J T Sciametta and W Wong resigned on 26 April 1994.

No options have been exercised during the year to 31 December 1993.

There were no other contracts with the company or its subsidiary undertakings (other than service contracts) in which any director of the company had any material beneficial interest, nor did any director of the company as at 31 December 1993 have any beneficial interest in the share capital and loan notes of subsidiaries.



6. Changes in presentation of the group accounts

Financial Reporting Standard No. 3, "Reporting Financial Performance", introduced new requirements which are as follows:

- turnover and operating profits to be analysed between continuing and discontinued operations, with results from additions during the year shown separately under continuing operations;
- almost all items previously treated as extraordinary to be reclassified as exceptional;
- a statement of total recognised gains and losses to be presented;
- a note of historical cost profits and losses to be presented immediately following the statement of total recognised gains and losses; and
- a reconciliation of movements in shareholders' funds to be presented.

The company has complied with the above requirements where relevant.

7. Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate so to do.

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 which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible 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.

8. Changes in fixed assets

Details of movements in tangible fixed assets are shown in note 14 to the accounts.

9. Subsidiary and associated undertakings

Details of changes in subsidiary and associated undertakings are shown in note 15 (b) to the accounts.

10. Donations

In the United Kingdom the Group contributed £3,550 (1992: £550) to charitable organisations.

11. Change of name

On 26 April 1994 the company changed its name from Exco International p.l.c. to Exco plc.

12. Taxation status

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.

13. Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board,
E C Pank
Secretary
London
28 April 1994




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CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1993
Exco plc and Subsidiary Undertakings

	Note	1993 £'000	1992 £'000
Turnover - Continuing operations	2	211,293	164,531
Total operating expenses	3	(175,284)	(146,851)
Exceptional operating income (net)	4	-	3,418
Operating profit - Continuing operations		36,009	21,098
Income from interests in associated undertakings	5	3,569	3,372
Profit on ordinary activities before interest		39,578	24,470
Other interest receivable and similar income	8	3,872	5,351
Interest payable and similar charges	9	(1,951)	(2,791)
Profit on ordinary activities before taxation		41,499	27,030
Tax on profit on ordinary activities	10	(17,981)	(11,397)
Profit on ordinary activities after taxation		23,518	15,633
Minority interests		(1,434)	(1,259)
Profit for the financial year		22,084	14,374
Dividends	11	(6,300)	(5,996)
Retained profit for the year	2 (a)	15,784	8,378
Earnings per ordinary share	12	36.81p	24.34p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year	22,084	14,374
Exchange adjustments on foreign currency net investments	1,979	1,552
Total recognised gains and losses since the last annual report	24,063	15,926

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

The notes on pages 12 to 30 and 32 form part of these accounts

Auditors' report - page 31



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CONSOLIDATED BALANCE SHEET

31 December 1993

Exco plc and Subsidiary Undertakings

		1993	1993	1992	1992
	Note	£'000	£'000	(as restated)	(as restated)
				£'000	£'000
Fixed assets					
Tangible fixed assets	14		15,817		18,442
Investments:					
Interests in associated undertakings	15(e)		17,582		14,723
Other investments	15(d)		500		536
			<u>33,899</u>		<u>33,701</u>
Current assets					
Debtors	16	44,849		48,172	
Investments	17	20,687		26,002	
Cash at bank and in hand	18	62,231		55,739	
		<u>127,767</u>		<u>130,003</u>	
Creditors: amounts falling due within one year	19	(77,012)		(88,173)	
Net current assets			<u>50,755</u>		<u>41,830</u>
Total assets less current liabilities			84,654		75,531
Creditors: amounts falling due after more than one year	20		(19,319)		(22,531)
Net assets			<u>65,335</u>		<u>53,000</u>
Capital and reserves:					
Called up share capital	22		30,000		30,000
Share premium account	23(a)		523		523
Revaluation reserves	23(a)		78		84
Other reserves	23(a)		1,798		16
Profit and loss account	23(a)		31,998		21,508
Shareholders' funds	24		64,397		52,131
Minority interests			938		869
Total capital employed			<u>65,335</u>		<u>53,000</u>

Approved by the Board on 28 April 1994 and signed on its behalf by

R A SANDLER

K M TAYLOR

} Directors

The notes on pages 12 to 30 and 32 form part of these accounts

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WORLDWIDE

COMPANY BALANCE SHEET

31 December 1993

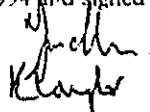
Exco plc

	Note	1993 £'000	1993 £'000	1992 £'000	1992 £'000
Fixed assets					
Investments:					
Shares in group undertakings	15(a)		59,776		54,482
Loans to group undertakings	15(c)		10,250		10,250
Other investments	15(d)		<u>1</u>		<u>1</u>
			70,027		64,733
Current assets					
Debtors	16	77,565		69,003	
Cash at bank and in hand	18	<u>4,204</u>		<u>12,000</u>	
		81,769		81,612	
Creditors: amounts falling due within one year	19	<u>(66,394)</u>		<u>(57,395)</u>	
Net current assets			<u>15,375</u>		<u>24,217</u>
Total assets less current liabilities			85,402		88,950
Creditors: amounts falling due after more than one year	20		(2,478)		(3,085)
Provisions for liabilities and charges	21		<u>(91)</u>		<u>(45)</u>
Net assets			<u>82,833</u>		<u>85,820</u>
Capital and reserves:					
Called up share capital	22		30,000		30,000
Share premium account	23(b)		523		523
Profit and loss account	23(b)		<u>52,310</u>		<u>55,297</u>
Shareholders' funds			<u>82,833</u>		<u>85,820</u>

Approved by the Board on 28 April 1994 and signed on its behalf by

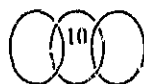
R A SANDLER
K M TAYLOR

} Directors



The notes on pages 12 to 30 and 32 form part of these accounts

Auditors' report - page 31



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CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 1993
Exco plc and Subsidiary Undertakings

	Note	1993 £'000	1992 (as restated) £'000
Net cash inflow from operating activities	29	<u>42,066</u>	<u>22,964</u>
Returns on investments and servicing of finance			
Interest received		3,796	6,283
Interest paid		(1,362)	(2,482)
Interest paid on finance leases		(623)	(594)
Dividends received from associated undertakings		662	112
Dividends paid		(6,148)	(2,098)
Dividends paid to minorities		<u>(1,483)</u>	<u>(535)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(5,158)</u>	<u>(214)</u>
Taxation			
UK corporation tax paid		(2,398)	
Overseas tax paid		<u>(13,696)</u>	<u>(8,058)</u>
Tax paid		<u>(16,094)</u>	<u>(8,058)</u>
Investing activities			
Purchase of tangible fixed assets		(3,618)	(2,546)
Sale of tangible fixed assets		2,344	2,446
Purchase of fixed asset investments		(63)	(1)
Sale of subsidiary undertaking (net of cash and cash equivalents sold)	30	—	(4,936)
Sale of fixed asset investments		171	4
Purchase of minority interests		(2,615)	(2,833)
Investment in associated undertaking		—	(73)
Sale of current asset investments		—	7,984
Purchase of current asset investments		(2,444)	—
Purchase of subsidiary undertaking (net of cash and cash equivalents purchased)	32	<u>(3,155)</u>	<u>—</u>
Net cash (outflow)/inflow from investing activities		<u>(9,380)</u>	<u>45</u>
Net cash inflow before financing		<u>11,434</u>	<u>14,737</u>
Financing			
Repayment of long term loans		(10,599)	(13,665)
Payment of principal under finance leases		<u>(2,691)</u>	<u>(3,177)</u>
Net cash outflow from financing	33	<u>(13,290)</u>	<u>(16,842)</u>
Decrease in cash and cash equivalents	34	<u>(1,856)</u>	<u>(2,105)</u>



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NOTES TO THE ACCOUNTS

31 December 1993

1. Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently except as set out in note (a), is set out below.

(a) Changes in accounting policies

The new Financial Reporting Standard, FRS 3, requires the adoption of an accounting policy which differs from that previously used by the company, in that items which were previously reported as extraordinary have been reclassified as exceptional. Comparative figures have been amended where necessary for the change and the effect of this change in accounting policies is disclosed in note 13.

In prior years the gross amounts, not settled at the balance sheet date, arising out of the broking of transactions in government securities were included in trade creditors and trade debtors. To reflect the substance of these transactions, the Group's policy is to set off these balances and only the net amounts are now included in trade debtors and trade creditors (see note 16).

(b) Basis of accounting

The accounts are prepared in accordance with the historical cost convention modified by the revaluation of certain tangible fixed assets.

(c) Basis of consolidation

The consolidated profit and loss account and the balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 December each year.

The results of subsidiary undertakings acquired or disposed of during an accounting period are included in the consolidated profit and loss account up to or from the date control passes.

Intra-group sales and profits are eliminated on consolidation and turnover and profit figures relate to external transactions only.

Goodwill arising on consolidation, representing the excess of the cost of shares in subsidiary undertakings over the fair value of the net tangible assets acquired, has been written off against reserves.

(d) Associated undertakings

Entities in which the Group has an interest comprising not less than 20% and not more than 50% of the voting capital and over which it exerts significant influence are treated as associated undertakings.

The consolidated profit and loss account includes the appropriate share of profits less losses of all material associated undertakings based on latest available audited accounts together with unaudited management accounts for the period from the date of the audited accounts to 31 December. The Group's share of post-acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet. Goodwill attaching to interests in associated undertakings has been written off against reserves.

(e) Tangible fixed assets

Certain long leasehold properties are periodically revalued. Other tangible fixed assets are stated at cost. Where tangible fixed assets are revalued at an amount higher than cost, the revaluation surplus is credited to non-distributable reserves. Where the revalued amount is lower than cost, the difference between cost and valuation is written off in the profit and loss account. Depreciation is calculated to write off the cost or valuation of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned.

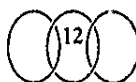
The principal annual rates are as follows:

	%
Freehold property	2
Furniture, fixtures and equipment	15-25
Motor vehicles	25-33½

Fixed assets held under finance leases are capitalised and depreciated over the shorter of the lease terms and the useful life of equivalent owned assets.

Leasehold properties are amortised over 50 years or the remaining term of the lease if shorter.

Profits or losses on the disposal of tangible fixed assets are included in the calculation of operating profit.



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1. Principal accounting policies (continued)

(f) Investments

Investments included in fixed assets are stated at cost less any permanent diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

Interest income, including interest on government securities, is accrued on a daily basis. Other investment income is accounted for when it becomes receivable.

(g) Finance leases

The net investment in finance leases less appropriate future income arising from financing charges is included in debtors.

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as creditors due within one year and after one year. Lease payments are treated as consisting of a capital and an interest element and the interest is charged to the profit and loss account using the actuarial method.

(h) Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that an asset or liability will crystallise. Timing differences arising from the provision of employee pensions have been treated similarly.

(i) Pension costs

The Group makes contributions to various pension plans which cover the majority of employees and which are charged against profits. In the UK employees are covered by defined contribution schemes. The assets of the schemes are held by trustees and are kept separate from those of the Group. Overseas pension plans vary according to local requirements, but are generally provided by contributions to government, insured, or self-administered schemes.

(j) Foreign currencies

The balance sheets of overseas subsidiary undertakings expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the accounting period. The profit and loss accounts of these undertakings are translated at monthly weighted average exchange rates for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary undertakings, and from the translation of the results of those undertakings at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses.

Translation gains and losses arising on consolidation are dealt with through other reserves.

Other foreign currency assets and liabilities are translated at the rates ruling at the end of the accounting period and gains or losses thereon are taken to the profit and loss account in the year in which they arise.

(k) Brokerage income

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

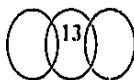
(l) Turnover

Turnover, exclusive of sales taxes, represents:

- (i) for money and other broking transactions, the invoiced brokerage charges for the year less commissions payable to third parties;
- (ii) for other transactions, the invoiced value of goods sold or services provided for the year.

2. Group turnover and profit before taxation

All the Group's turnover and profit before taxation arose from international wholesale money and securities broking. The accounts do not include an analysis of turnover and profit by geographical market as, in the directors' opinion, this would be seriously prejudicial to the commercial interests of the Group.



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NOTES TO THE ACCOUNTS
31 December 1993

3. Total operating expenses

	1993	1992
	£'000	£'000
Staff costs (see note 7)	109,037	50,797
Amounts written off current asset investments:		
Due to permanent diminution in value	4	
Depreciation and amounts written off:		
Tangible fixed assets	5,504	7,464
Assets held under finance leases	855	650
	<u>6,359</u>	<u>8,114</u>
Other operating expenses:		
Auditors' remuneration (including expenses)	315	421
(Company: £42,000, 1992: £70,000)		
Hire of plant and machinery	6	18
Other expenses	59,563	51,509
	<u>59,884</u>	<u>51,948</u>
Total operating expenses	<u>175,284</u>	<u>146,859</u>

The remuneration of the Group's auditors for provision of non-audit services to the Group in the United Kingdom was £263,000 (1992: £256,000).

4. Exceptional operating income (net)

	1993	1992
	£'000	(as restated) £'000
Exceptional operating income:		
(a) Keyman insurance proceeds	-	4,503
Exceptional operating expense:		
(b) Placing fees	-	(1,085)
	<u>-</u>	<u>3,418</u>

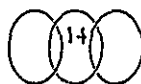
5. Income from interests in associated undertakings

The Group's share of profits less losses of associated undertakings includes dividends of £662,000 (1992: £131,000).

6. Directors' emoluments

(a) The emoluments of directors of Exco plc (including pension contributions) were:

	1993	1992
	£'000	£'000
Fees as directors	67	48
Emoluments for management	5,552	3,672
Compensation for loss of executive office including pension augmentation	300	301
	<u>5,919</u>	<u>4,021</u>



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6. Directors' emoluments (continued)

(b) Particulars in accordance with the Companies Act 1985 of any emoluments (excluding pension contributions) of directors of the company, except for those directors who discharge their duties as such wholly or mainly outside the United Kingdom, are as follows:

	1993	1992
	£	£
Chairman	50,000	50,000
Highest paid director	690,779	355,305

UK Directors, including the Chairman and highest paid director, received emoluments in the following ranges:

£	1993 Number	1992 Number
5,001 — 10,000	—	3
10,001 — 15,000	1	—
15,001 — 20,000	3	1
40,001 — 45,000	—	1
45,001 — 50,000	1	1
135,001 — 140,000	—	1
160,001 — 165,000	1	—
165,001 — 170,000	1	—
175,001 — 180,000	1	—
250,001 — 255,000	—	1
290,001 — 295,000	—	1
310,001 — 315,000	—	1
355,001 — 360,000	—	1
450,001 — 455,000	1	—
530,001 — 535,000	1	—
690,001 — 695,000	1	—

For details of directors' interests, see page 6.

7. Staff costs

Employees' costs, including executive directors of the Group, during the year amounted to:

	1993 £'000	1992 £'000
Wages and salaries	96,698	74,759
Social security costs	7,543	7,280
Other pension costs	4,796	4,758
	109,037	86,797

The average weekly number of persons employed, including executive directors of the Group, was as follows:

	1993 Number	1992 Number
Sales and broking	1,210	1,186
Administration	410	413
	1,620	1,599



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8. Other interest receivable and similar income

	1993	1992
	£'000	£'000
Income from fixed asset investments:		
Listed overseas	1	-
Other interest receivable and similar income:		
Income from current asset investments:		
Unlisted	594	1,333
Bank interest and other income	3,277	4,240
	<u>3,872</u>	<u>5,573</u>

9. Interest payable and similar charges

	1993	1992
	£'000	£'000
On finance leases	597	500
On loans repayable within 5 years	1,354	2,225
	<u>1,951</u>	<u>2,725</u>

10. Taxation

The tax charge is based on the profit for the year and comprises:

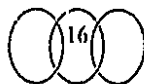
	1993	1992
	£'000	£'000
UK corporation tax at a rate of 33% (1992: 33%)	4,621	2,709
Deferred taxation	(667)	587
	<u>3,954</u>	<u>3,296</u>
Less: Relief for overseas taxation	(2,192)	(2,271)
Overseas taxation	14,328	5,615
Advance corporation tax recoverable	(279)	(240)
Taxation arising on profit of the Group	<u>15,811</u>	<u>9,410</u>
Tax attributable to share of profits of associated undertakings	2,170	1,987
	<u>17,981</u>	<u>11,397</u>

11. Dividends

	1993	1992
	£'000	£'000
Dividends paid and proposed	6,300	5,996
	<u>6,300</u>	<u>5,996</u>

12. Earnings per ordinary share

Earnings per share has been calculated using the profit on ordinary activities after taxation and minority interests. The weighted average number of ordinary shares in issue during the year was 60,000,000 (1992: 60,000,000).



13. Changes in accounting policies

The effect of the changes in the accounting policies discussed on page 12 on the comparative figures in the profit and loss account is as follows:

	1992
	£'000
Profit before tax as previously stated	28,345
Placing fees previously treated as an extraordinary item now classified as exceptional	(1,085)
Profit before tax as restated	<u>27,260</u>

14. Tangible fixed assets

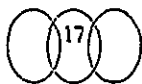
	Land and Buildings Freehold £'000	Long Lease £'000	Short Lease £'000	Furniture Fixtures & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
At 1 January 1993						
Cost	532	—	7,224	47,340	7,706	62,802
Valuation	—	201	—	—	—	201
Exchange adjustments	(26)	4	127	400	(60)	445
Additions	—	—	190	2,707	2,711	5,608
Disposals	—	—	(28)	(1,197)	(3,495)	(4,720)
Subsidiary acquired	—	—	—	316	103	419
At 31 December 1993						
Cost	506	—	7,513	49,566	6,965	64,550
Valuation	—	205	—	—	—	205
	<u>506</u>	<u>205</u>	<u>7,513</u>	<u>49,566</u>	<u>6,965</u>	<u>64,755</u>
Depreciation						
At 1 January 1993	143	20	3,690	38,454	2,254	44,561
Exchange adjustments	(7)	1	69	373	(33)	403
Charge for the year	9	—	640	4,235	1,475	6,359
Disposals	—	—	(28)	(1,185)	(1,401)	(2,614)
Subsidiary acquired	—	—	—	173	56	229
At 31 December 1993	<u>145</u>	<u>21</u>	<u>4,371</u>	<u>42,050</u>	<u>2,351</u>	<u>48,938</u>
Net book value						
At 31 December 1993	<u>361</u>	<u>184</u>	<u>3,142</u>	<u>7,516</u>	<u>4,614</u>	<u>15,817</u>
At 31 December 1992	<u>389</u>	<u>181</u>	<u>3,534</u>	<u>8,886</u>	<u>5,452</u>	<u>18,442</u>

Motor vehicles include assets held under finance leases with a net book value of £3,314,000 (1992: £3,950,000).

The long leasehold properties were professionally revalued during 1984 on an existing use basis.

The original cost, and depreciation based on cost, of land and buildings included at valuation is as follows:

	Long Lease 1993 £'000	Long Lease 1992 £'000
Original cost	43	42
Accumulated depreciation based on original cost	<u>(17)</u>	<u>(17)</u>
	<u>26</u>	<u>25</u>



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15. Fixed asset investments

(a) Shares in group undertakings

	Company £'000
Cost and net book value:	
At 1 January 1993	54,482
Additions	5,809
Disposals	(515)
At 31 December 1993	<u>59,776</u>

Principal subsidiary undertakings of the Group are set out on page 32.

In the opinion of the directors, the value of shares in group undertakings is not less than the amount shown in these accounts.

(b) Movement in subsidiary and associated undertakings

On 29 December 1993, the company acquired 100% of the ordinary share capital of CMS Capital Market Services A.G. ("CMS"). There were no significant fair value or accounting adjustments. The acquisition has been accounted for by the acquisition method of accounting. The results of CMS are not material to the Group.

(c) Loans to group undertakings

	Company £'000
Cost and net book value:	
At 1 January 1993	10,250
Repayments	—
At 31 December 1993	<u>10,250</u>

(d) Other investments

The following amounts are included in the net book value of other fixed asset investments:

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Listed overseas	—	115	—	—
Unlisted	500	421	1	1
	<u>500</u>	<u>536</u>	<u>1</u>	<u>1</u>

The aggregate market value of other fixed asset investments was:

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Listed overseas	—	159	—	—
Unlisted at directors' valuation	500	421	1	1
	<u>500</u>	<u>580</u>	<u>1</u>	<u>1</u>

No material tax liability would arise if listed investments were sold at market value.



15. Fixed asset investments (continued)

The movement on other fixed asset investments during the year was as follows:

	Group £'000
Cost:	
At 1 January 1993	564
Exchange adjustments	9
Additions	64
Disposals	(109)
At 31 December 1993	<u>528</u>
Amounts written off:	
At 1 January 1993	(28)
Exchange adjustments	—
At 31 December 1993	<u>(28)</u>
Net book value at 31 December 1993	<u>500</u>
Net book value at 31 December 1992	<u>536</u>

(e) Interests in associated undertakings

The movement on interests in associated undertakings was as follows:

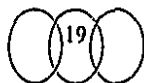
	Group £'000
Cost or valuation:	
At 1 January 1993	18,177
Share of retained profit for year	737
Exchange adjustments	2,122
At 31 December 1993	<u>21,036</u>
Amounts written off:	
At 1 January 1993 and 31 December 1993	<u>(3,454)</u>
Net book value at 31 December 1993	<u>17,582</u>
Net book value at 31 December 1992	<u>14,723</u>

The Group's investment in associated undertakings comprises:

	Group	
	1993 £'000	1992 £'000
Cost less amounts written off	(952)	(943)
Share of retained reserves	<u>18,534</u>	<u>15,666</u>
Net book value	<u>17,582</u>	<u>14,723</u>
Representing:		
Share of tangible net assets of associated undertakings	<u>17,582</u>	<u>14,723</u>

All associated undertakings are unlisted.

Details of associated undertakings are set out on page 32.

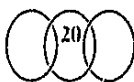


NOTES TO THE ACCOUNTS
31 December 1993

16. Debtors

	Group	Group (as restated)	Company	Company
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Debtors due within one year:	41,791	44,610	77,565	69,603
Debtors due after one year:	3,058	3,562	—	—
	<u>44,849</u>	<u>48,172</u>	<u>77,565</u>	<u>69,603</u>
	Group	Group (as restated)	Company	Company
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Debtors due within one year:				
Trade debtors (see note)	32,887	37,309	—	—
Amounts owed by group undertakings	—	—	74,011	60,112
Amounts owed by associated undertakings	457	373	—	—
Net investment in finance leases	1	2	—	—
Other debtors	3,093	2,779	108	349
Prepayments and accrued income	2,945	2,749	—	—
Dividends receivable from group undertakings	—	—	202	338
Taxation receivable	—	—	2,330	1,797
Advance corporation tax recoverable	914	1,007	914	1,007
Deferred taxation (see note 21)	1,494	301	—	—
	<u>41,791</u>	<u>44,610</u>	<u>77,565</u>	<u>69,603</u>
	Group	Group		
	1993	1992		
	£'000	£'000		
Debtors due after more than one year:				
Net investment in finance leases	1	2		
Other debtors	995	1,107		
Prepayments and accrued income	641	563		
Deferred taxation (see note 21)	1,421	1,890		
	<u>3,058</u>	<u>3,562</u>		

The Group is involved in the purchase and simultaneous sale of negotiable money market instruments and gilt-edged securities. The form of these transactions is that group companies take temporary control of valuable paper until the transactions are settled, in effect on a net basis, at which time control is released. To reflect the substance of these transactions they have been set off and only the net amounts are included in trade debtors and trade creditors. At 31 December 1993 gross amounts totalling £499,658,000 (1992: £369,289,000) were receivable and payable.



17. Current asset investments

The following amounts are included in the net book value of current asset investments:

	Group 1993 £'000	Group 1992 £'000
Listed in the UK	—	4
Unlisted	20,687	26,288
	<u>20,687</u>	<u>26,292</u>
Their aggregate market value was:		
Listed in the UK	—	4
Unlisted at directors' valuation	20,687	26,288
	<u>20,687</u>	<u>26,292</u>

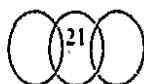
No material tax liability would arise if listed investments were sold at market value.

All listed investments shown above are listed on recognised stock exchanges.

Unlisted investments consist principally of certificates of deposit and Treasury Bills.

18. Cash at bank and cash in hand

Cash at bank and in hand includes £1,740,899 (1992: £1,752,499) which is charged to a third party creditor.



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NOTES TO THE ACCOUNTS
31 December 1993

19. Creditors: amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group	Group (as restated)	Company	Company
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	5,515	12,917	—	—
Trade creditors (see note 16)	18,881	25,336	—	—
Amounts owed to group undertakings	—	—	54,698	48,253
Amounts owed to associated undertakings	9	19	—	—
Obligations under finance leases	1,675	2,118	—	—
Other creditors:				
Taxation payable	12,291	11,608	22	22
ACT on dividends paid and proposed	1,821	2,014	1,821	2,014
Social security and taxation	3,209	1,934	—	—
Other	9,280	12,290	3,411	2,171
Proposed dividends:				
Minority shareholders	321	484	—	—
Company shareholders	3,150	2,998	3,150	2,998
Accruals and deferred income	20,860	16,455	3,292	1,937
	<u>77,012</u>	<u>88,173</u>	<u>66,394</u>	<u>57,395</u>

Other creditors include £1,740,899 (1992: £1,752,499) in Floating Rate Secured Convertible Loan Stock 2001 and £230,277 (1992: £241,877) in Floating Rate Unsecured Convertible Exchangeable Loan Stock of Exco plc. See also note 22.

20. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Preferred stock	—	1,238	—	—
Bank loans and overdrafts	14,865	16,333	—	—
Amounts owed to group undertakings	—	—	2,478	3,085
Obligations under finance leases payable within two to five years	1,537	1,786	—	—
Other creditors	2,861	3,064	—	—
Taxation	56	110	—	—
	<u>19,319</u>	<u>22,531</u>	<u>2,478</u>	<u>3,085</u>

The amounts due to group undertakings are unsecured with varying rates of interest and there are no fixed terms for repayment.



21. Provision for liabilities and charges

The provision for liabilities and charges comprises:

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
(a) Deferred taxation:				
Amount provided:				
Capital and other investment allowances on fixed assets and finance leases	(156)	(230)	—	—
Other timing differences	3,071	2,421	(91)	(45)
Deferred taxation asset/(liability)	<u>2,915</u>	<u>2,191</u>	<u>(91)</u>	<u>(45)</u>
Amount not provided:				
Capital and other investment allowances on fixed assets and finance leases	712	878	—	—
Other timing differences	2,274	2,602	—	—
Deferred taxation asset	<u>2,985</u>	<u>3,480</u>	<u>—</u>	<u>—</u>

(b) The movement in deferred taxation during the year was as follows:

	Group £'000	Company £'000
At 1 January 1993	2,191	(45)
Related to acquisition of subsidiary	(42)	—
Exchange adjustment	99	—
Credited/(charged) to profit and loss account	667	(46)
At 31 December 1993	<u>2,915</u>	<u>(91)</u>

The deferred taxation asset for the Group at 31 December 1993 has been included in debtors.

(c) No provision has been made for any taxation which would become payable on the distribution of profits of overseas subsidiary and associated undertakings because there is no intention in the foreseeable future that such profits will be remitted.



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31 December 1993

22. Share capital

	Group and Company	
	1993	1992
	£'000	£'000
Authorised:		
24,000,000 A ordinary shares of 50p each	12,000	12,000
16,400,000 B ordinary shares of 50p each	8,200	8,200
10,600,000 C ordinary shares of 50p each	5,300	5,300
9,000,000 D ordinary shares of 50p each	4,500	4,500
9,400,000 ordinary shares of 50p each	4,700	4,700
	<u>34,700</u>	<u>34,700</u>

	Group and Company	
	1993	1992
	£'000	£'000
Allotted, called up and fully paid:		
24,000,000 A ordinary shares of 50p each	12,000	12,000
16,400,000 B ordinary shares of 50p each	8,200	8,200
10,600,000 C ordinary shares of 50p each	5,300	5,300
9,000,000 D ordinary shares of 50p each	4,500	4,500
	<u>30,000</u>	<u>30,000</u>

Holders of convertible loan stock in the sum of £1,971,176 (1992: £1,994,376) (included within other creditors due within one year) have the right to convert their stock into ordinary shares of the company at their then market value. This right can be exercised at any time up to 27 June 2001, provided that the ordinary shares of the company are by then listed on the International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

On 23 September 1992 the Exco International 1992 (No. 3) Share Option Scheme was created. Under this scheme, options to subscribe for up to three million new 50p ordinary shares of the company can be granted. Options may be granted until 23 September 2002. The exercise price, at the date of grant, will be that determined by the auditors of the company in accordance with Article 38(4)(v) of the company's Articles of Association. At 31 December 1993 no options had been granted to subscribe for unissued shares.



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23. Reserves

(a) Group

	Share Premium Account £'000	Revaluation Reserve £'000	Other Reserves £'000	Profit & Loss Account £'000
At 1 January 1993	523	84	16	21,508
Exchange translation	—	—	1,782	197
Goodwill on acquisition	—	—	—	(5,497)
Transfer from revaluation reserve to profit and loss account	—	(6)	—	6
Retained profit for the year	—	—	—	15,784
At 31 December 1993	<u>523</u>	<u>78</u>	<u>1,798</u>	<u>31,998</u>

Other reserves comprise:

	Group	
	1993 £'000	1992 £'000
Other non-distributable reserves	108	108
Unrealised exchange gains/(losses)	1,690	(92)
	<u>1,798</u>	<u>16</u>

(b) Company

	Share Premium Account £'000	Profit & Loss Account £'000
At 1 January 1993	523	55,297
Retained loss for the year	—	(2,987)
At 31 December 1993	<u>523</u>	<u>52,310</u>

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these accounts.

24. Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
Profit for the financial year	22,084	14,604
Dividends	(6,300)	(5,996)
	<u>15,784</u>	<u>8,608</u>
Other recognised gains and losses relating to the year (net)	1,979	1,582
Goodwill written off during the year	(5,497)	(848)
Net addition to shareholders' funds	<u>12,266</u>	<u>9,342</u>
Opening shareholders' funds	<u>52,131</u>	<u>42,789</u>
Closing shareholders' funds	<u>64,397</u>	<u>52,131</u>



NOTES TO THE ACCOUNTS
31 December 1993

25. Profit and loss account

The movement during the year in net goodwill written off was as follows:

	Group £'000
At 1 January 1993	118,201
Written off to reserves in year	5,497
Goodwill re dormant companies struck off	(404)
At 31 December 1993	<u>123,294</u>

26. Pension costs

(a) Defined contribution schemes

The Group operates a number of defined contribution schemes throughout the world.

The total pension cost for the Group was £4,106,000 (1992: £4,214,000) of which £1,736,000 (1992: £1,197,000) relates to overseas schemes. At the year end contributions accrued but not paid totalled £1,048,000 (1992: £937,000).

(b) Defined benefit schemes

The Group has four significant funded defined benefit schemes in the USA, Switzerland, Germany and Hong Kong.

In the USA, Germany and Hong Kong the pension costs are assessed in accordance with a qualified actuary's advice. The last actuarial assessment was performed by an independent actuary on 1 January 1993 in the USA, 31 December 1990 in Germany and 1 January 1991 in Hong Kong.

At the most recent formal valuation the main assumptions were:

	USA	Germany	Hong Kong
Investment return	8.25%	6%	3%
Salary increases	5.5%	Not applicable	10%-15%

The market values of the schemes were £3,797,000 (1992: £3,717,000) and the level of funding was considered to be in accordance with requirements. At the present time there are expected to be no material changes to pensions arrangements which would affect future costs.

In Switzerland the defined benefit scheme is wholly reinsured with a Zurich insurance company, with the pension expense being determined by the premiums paid to the reinsurer.

During the year defined benefit contributions charged to the profit and loss account were £690,000 (1992: £544,000) and at the year end contributions accrued but not paid totalled £792,000 (1992: £622,000).

As at 31 December 1993 no deficiencies are considered to exist on the basis of the current funding levels.

27. Contingent liabilities and commitments

(a) Capital commitments:

	Group 1993 £'000	Group 1992 £'000
Contracted for	<u>154</u>	<u>198</u>
Authorised but not contracted for	<u>33</u>	<u>-</u>

(b) Other commitments

(i) In the normal course of business, the company and its subsidiary undertakings have entered into forward commitments for the purchase and sale of securities.

(ii) The Group has various commitments in respect of operating leases. The amount charged to the consolidated profit and loss account in 1993 was £8,480,000 (1992: £8,823,000). In 1994 the minimum rentals payable under operating leases are as follows:



27. Contingent liabilities and commitments (continued)
in respect of leases for land and buildings expiring:

	£'000
within one year	451
- between two and five years	2,328
- in more than five years	5,044
	<u>7,823</u>

In respect of other leases expiring:

	£'000
- within one year	227
- between two and five years	582
- in more than five years	—
	<u>809</u>

(iii) At the balance sheet date the Group was liable to purchase the minority interests in Shorean International Brokers Limited and Astley & Pearce (Scandinavia) A.S. at purchase prices based on profits. The consideration for the acquisition of CMS is based on a formula linked to future profits of which an estimate has been made. The consideration thus computed has been included in these accounts.

(c) Contingent liabilities

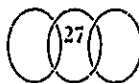
The company has given guarantees on behalf of various subsidiary undertakings in respect of their business. In addition;

- The company has given a guarantee on behalf of a subsidiary undertaking in respect of bank loans totalling £20,380,000 (1992: £28,527,000). The ordinary shares of a subsidiary have been pledged as security for one of these loans.
- A subsidiary undertaking has given a guarantee on behalf of a third party in respect of property with a current passing rent of £104,000 per annum, the lease of which expires in 1999.
- A subsidiary undertaking has given a guarantee to a third party in respect of loans to its employees amounting to C\$245,000 to purchase shares in that subsidiary.
- The company has issued a counter indemnity to a bank in respect of a guarantee of A\$200,000 given by the bank for a property occupied by a subsidiary undertaking.

In the past the Group has acted as broker in a number of interest rate swap and similar transactions entered into by UK local authorities. The House of Lords decision announced on 24 January 1991 was that all such swap transactions entered into by local authorities were ultra vires. The Group has received claims from third parties which acted as principals in such transactions for the restitution of commission earned by the Group. Although it is not possible to determine how the current state of affairs will eventually be resolved, the directors have made a prudent estimate of the likely financial effect on the Group and accordingly set aside appropriate provision in the accounts for the year ended 31 December 1989. Based on legal advice received, the directors do not believe that any material unprovided liability to the Group will result from the broking of such transactions.

28. Regulatory capital

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



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NOTES TO THE ACCOUNTS

31 December 1993

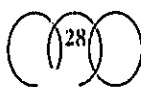
29. Reconciliation of operating profit to net cash inflow from operating activities

	1993	1992 (as restated)
	£'000	£'000
Operating profit	36,009	21,098
Depreciation of tangible fixed assets	6,359	5,114
Gain on sale of tangible fixed assets	(235)	(385)
Gain on sale of fixed asset investments	(60)	(2)
Decrease in operating debtors and prepayments	3,919	68,467
Decrease in operating creditors and accruals	(3,926)	(74,328)
Net cash inflow from operating activities	<u>42,066</u>	<u>22,964</u>

30. Sale of subsidiary undertaking

In 1992 the company sold a subsidiary undertaking with the following assets and liabilities. The effect of the disposal of the subsidiary undertaking on the consolidated cash flow statement for the year is summarised below:

	1992 £'000
Net assets sold	
Cash at bank and in hand	534
Debtors	1,129
Investments	4,402
Creditors	<u>(6,065)</u>
Loss on disposal	
Satisfied by cash	<u> </u>



WORLDWIDE

31. Purchase of subsidiary undertaking

During the year the company purchased a subsidiary undertaking with the following assets and liabilities. The effect of the acquisition of the subsidiary undertaking on the consolidated cash flow statement for the year is summarised below:

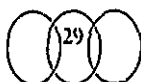
	1993 £'000
Net assets acquired	
Tangible fixed assets	193
Cash at bank and in hand	1,286
Debtors	1,093
Creditors	(2,070)
Taxation payable	(22)
Deferred liabilities	(8)
Deferred taxation	(42)
	<u>430</u>
Goodwill	<u>5,402</u>
	<u>5,832</u>
Satisfied by	
Deferred consideration	1,391
Cash	<u>4,441</u>
	<u>5,832</u>

32. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of the subsidiary undertaking

	1993 £'000
Cash consideration	4,441
Cash at bank and in hand acquired	<u>(1,286)</u>
Net outflow of cash and cash equivalents in respect of the purchase of the subsidiary undertaking	<u>3,155</u>

33. Analysis of changes in financing during the year

	Share capital (excluding premium) 1993 £'000	Loans and finance lease obligations 1993 £'000	Share capital (excluding premium) 1992 £'000	Loans and finance lease obligations 1992 £'000
At 1 January	30,000	34,392	23,440	41,892
Cash outflows from financing	—	(13,290)	—	(16,842)
Shares issued for non-cash consideration	—	—	6,560	—
Inception of finance lease contracts	—	2,000	—	2,637
Effect of foreign exchange rate changes	—	490	—	6,705
At 31 December	<u>30,000</u>	<u>23,592</u>	<u>30,000</u>	<u>34,392</u>

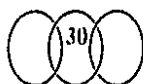


NOTES TO THE ACCOUNTS
31 December 1993

34. Cash and cash equivalents

	1993	1992
	£'000	£'000
Changes during the year:		
At 1 January	60,839	59,185
Net cash outflow before adjustments for the effects of foreign exchange rates	(1,856)	(2,105)
Effect of foreign exchange rates	248	3,759
At 31 December	<u>59,231</u>	<u>60,839</u>

	1993	1992	Change in year
	£'000	£'000	£'000
Analysis of balances			
Cash at bank and in hand	53,831	51,339	2,492
Short-term investments	<u>5,400</u>	<u>9,500</u>	<u>(4,100)</u>
Cash and cash equivalents	<u>59,231</u>	<u>60,839</u>	<u>(1,608)</u>
Bank deposits over three months	8,400	4,400	
Other investments	<u>15,287</u>	<u>16,592</u>	
Cash at bank and in hand and investments	<u>82,918</u>	<u>81,831</u>	



EXCO

REPORT OF THE AUDITORS

To the Members of Exco plc.

We have audited the accounts on pages 8 to 30 and 32.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 disclosure in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material misstatements, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the Group at 31 December 1993 and of the profit, total recognised gains and cashflows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

28 April 1994

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Exco plc

The following were the principal operating subsidiary and associated undertakings of the Group at 31 December 1993:

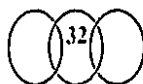
Subsidiary undertakings	Country of Incorporation	Nature of Business	Issued Ordinary Share Capital
Astley & Pearce (Australia) Pty Limited	Australia	Money Broking	A\$600,000
Astley & Pearce (C.I.) Limited	Guernsey	Money Broking	£7
Astley & Pearce (Hong Kong) Limited	Hong Kong	Money Broking	HK\$5,000,000
Astley & Pearce (Proprietary) Limited (80%)	South Africa	Money Broking	Rand 100,000
Astley & Pearce (Pte) Limited	Singapore	Money Broking	S\$100,000
Astley & Pearce S.A.	Switzerland	Money Broking	SFr50,000
*CMS Capital Market Services A.G.	Switzerland	Money Broking	SFr300,000
Astley & Pearce (Scandinavia) A.S. (77%)	Denmark	Money Broking	DKr300,000
Godsell, Astley & Pearce Limited	Great Britain	Money Broking	£14,071,156
Noonan, Astley & Pearce, Inc	U.S.A.	Money Broking	US\$438,000
Godsell, Astley & Pearce (Derivative Products) Limited	Great Britain	Capital Markets Broking	£1,371,000
F.I.B. (Australia) Pty Limited	Australia	Fixed Interest Broking	A\$300,000
RMJ Securities Corp	U.S.A.	Securities Broking	US\$400,000
Shorcan International Brokers Limited (76.73%)	Canada	Securities Broking	Can\$67,263
RMJ Europe Limited	U.S.A.	Securities Broking	US\$100
Shorcan/London Limited (76.73%)	Great Britain	Securities Broking	£350,000
*Williams, Cooke, Lott and Kissack Limited	Great Britain	Gilt Inter Dealer Broking	£1,000,000
*Exco (Treasury) Limited	Great Britain	Investment Company	£2
*Exco International Inc	U.S.A.	Holding Company	US\$5,220
*Exco (Management Services) Limited	Great Britain	Central Services	£1,000

Except where asterisked the above undertakings are owned indirectly. The Group's interest is 100% unless otherwise stated. All companies incorporated in Great Britain are registered in England and Wales.

Associated undertakings

KAF Astley & Pearce Sdn Bhd (40%)	Malaysia	Money Broking	Ringgit 200,000
Nittan AP Company Limited (33%)	Japan	Money Broking	Y300,000,000
PT AP Nusantara Indonesia (25%)	Indonesia	Money Broking	Rp1,000,000,000

The financial year ends of KAF Astley & Pearce Sdn Bhd and Nittan AP Company Limited are 31 May and 30 September respectively.



WORLDWIDE

NOTICE OF AN ANNUAL GENERAL MEETING

Exco plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 119 Cannon Street, London EC4N 5AX on Wednesday 25 May 1994 at Noon for the purpose of considering and, if thought fit, passing Resolutions 1 to 4 set out below as Ordinary Resolutions and Resolution 5 set out below as a Special Resolution:

Ordinary Resolutions

1. That the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 1993 be received and adopted.
2. That Coopers & Lybrand be reappointed auditors of the Company and that the directors be authorised to determine their remuneration.
3. That Mr J P Magee be re-elected a director of the Company.
4. That in substitution for any other authority previously conferred on them, the directors be and they are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot or grant options over relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £1,000,000, provided that this authority shall expire on the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer, agreement or other arrangement as if the authority conferred hereby had not expired.

Special Resolution

5. That, subject to the passing of Resolution 4, the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 94(2) of the Act) pursuant to the authority conferred by Resolution 4 above as if Section 89(1) of the Act did not apply to such allotment, provided that this authority shall expire on the conclusion of the next Annual General Meeting of the Company, save that the directors may allot equity securities under this authority after the expiry thereof pursuant to any offer, agreement or other arrangement made by the Company on or before such expiry pursuant to this authority as if such authority had not expired.

By order of the Board

E C Pank

Secretary

Registered Office: 119 Cannon Street, London EC4N 5AX

29 April 1994

1. A member of the Company entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a Member of the Company.
2. To be valid the instrument appointing a proxy and the Power of Attorney (if any) under which it is signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
3. At the Annual General Meeting held on 26 May 1993 resolutions were passed which gave the directors power to allot unissued shares of the Company and disapply pre-emption rights. The power will expire at the date of the forthcoming Annual General Meeting on 25 May 1994. Accordingly, at the Annual General Meeting resolutions will be proposed to renew the authority of the directors to allot unissued shares up to a maximum nominal amount of £1,000,000 and to disapply pre-emption rights in respect of the same maximum nominal amount; the resolutions are contained in the Notice convening the Meeting.



WORLDWIDE

Exco plc
FORM OF PROXY

For use at the Annual General Meeting on 25 May 1994.

I/We _____
(Please complete in block capitals)

of _____
(Address)

being (a) holder(s) of Shares in the above Company hereby appoint Mr C M Mosselmans or failing him the Chairman of the Meeting/_____ (see Note 6 below) as my/our proxy to vote for me/us at the Annual General Meeting of the Company to be held on 25 May 1994 and at any adjournment thereof.

Ordinary Resolutions	For	Against
1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 1993.		
2. To re-appoint Coopers & Lybrand as auditors of the Company and to authorise the directors to determine their remuneration.		
3. To re-elect Mr J P Magee as a director of the Company.		
4. To authorise the directors to allot or grant options over securities.		
Special Resolution		
5. To disapply pre-emption rights.		

Name

Address

Signed Dated

Notes:

1. A member who is entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.
2. Please indicate with an x how you wish your vote to be cast in respect of the Resolutions. In the absence of any specific directions, the proxy will vote or abstain at his discretion.
3. Only one of joint holders needs to sign. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
4. Corporations should affix their common seal or sign by a duly authorised officer or attorney.
5. To be valid, this Form of Proxy and the Power of Attorney (if any) under which it is signed or a duly certified copy of such power or authority must reach the Registered Office of the Company at the address overleaf not later than noon on 23 May 1994.
6. If you wish to appoint some person of your own choosing as your proxy you should complete in block capitals his or her full name in the space provided and delete the words "Mr C M Mosselmans or failing him the Chairman of the Meeting". Such proxy need not be a member of the Company. Any alterations must be initialled.
7. Completion of this form will not preclude you from attending and voting at the Meeting in person if you so wish.
8. You should print your name and address in the space provided.
9. You should sign in the space provided.



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