



BRANNANS

CHARTERED
ACCOUNTANTS

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2001
FOR
WOLFE SECURITIES LIMITED**



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for the Year Ended 31st March 2001**

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WOLFE SECURITIES LIMITED

COMPANY INFORMATION
for the Year Ended 31st March 2001

DIRECTORS:

Mrs B Davidson
Miss M Y Davidson
G A Davidson
G P Cohen
E W Davidson

SECRETARY:

G A Davidson

REGISTERED OFFICE:

58 Queen Anne Street
London
W1M 9LA

REGISTERED NUMBER:

1652427 (England and Wales)

AUDITORS:

Brannans
Chartered Accountants
and Registered Auditors
118b Hamlet Court Road
Westcliff on Sea
Essex SS0 7LP

WOLFE SECURITIES LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31st March 2001

The directors present their report with the financial statements of the company for the year ended 31st March 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of property and share dealing, insurance broking and loaning of money at interest.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2001.

DIRECTORS

The directors during the year under review were:

Mrs B Davidson
Miss M Y Davidson
G A Davidson
G P Cohen
E W Davidson

- appointed 14.2.01

The beneficial interests of the directors holding office on 31st March 2001 in the issued share capital of the company were as follows:

	31.3.01	1.4.00 or date of appointment if later
Ordinary £1 shares		
Mrs B Davidson	-	-
Miss M Y Davidson	2,000,000	2,000,000
G A Davidson	2,000,000	2,000,000
G P Cohen	-	-
E W Davidson	-	-

The interests of G A Davidson and Miss M Y Davidson are by virtue of their interest in the assets of The Manny Davidson Discretionary Trust.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

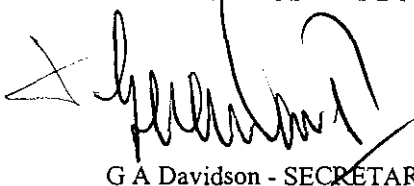
WOLFE SECURITIES LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31st March 2001**

AUDITORS

The auditors, Brannans, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A large, stylized handwritten signature in black ink, likely belonging to G A Davidson, the Secretary.

G A Davidson - SECRETARY

Dated: 27th December 2001

A small, handwritten mark or signature in black ink, possibly a checkmark or a small flourish.

WOLFE SECURITIES LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WOLFE SECURITIES LIMITED

We have audited the financial statements of Wolfe Securities Limited for the year ended 31st March 2001 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Brannans
Chartered Accountants
and Registered Auditors
118b Hamlet Court Road
Westcliff on Sea
Essex SS0 7LP



Dated: 27th December 2001

WOLFE SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31st March 2001

		31.3.01		31.3.00	
	Notes	£	£	£	£
TURNOVER	2		4,466,650		2,997,250
Cost of sales			3,606,820		2,449,155
GROSS PROFIT			859,830		548,095
Administrative expenses			314,508		206,894
			545,322		341,201
Other operating income			34,552		50,267
OPERATING PROFIT	4		579,874		391,468
Income from investments		52,526		47,844	
Interest receivable and similar income		9,839		1,688	
			62,365		49,532
			642,239		441,000
Interest payable and similar charges	5		124,320		116,828
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			517,919		324,172
Tax on profit on ordinary activities	6		124,427		14,579
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			393,492		309,593
Retained profit/(deficit) brought forward			196,256		(113,337)
RETAINED PROFIT CARRIED FORWARD			£589,748		£196,256

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

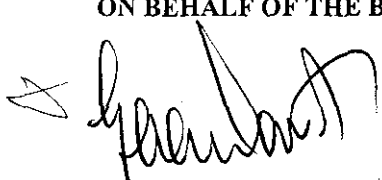
WOLFE SECURITIES LIMITED

BALANCE SHEET

31st March 2001

		31.3.01		31.3.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		528		1,103
CURRENT ASSETS:					
Debtors	8	1,686,715		1,218,245	
Investments	9	3,368,266		2,726,165	
Cash at bank		27,203		108,364	
		5,082,184		4,052,774	
CREDITORS: Amounts falling due within one year	10	2,492,964		1,857,621	
NET CURRENT ASSETS:			2,589,220		2,195,153
TOTAL ASSETS LESS CURRENT LIABILITIES:			£2,589,748		£2,196,256
CAPITAL AND RESERVES:					
Called up share capital	13		2,000,000		2,000,000
Profit and loss account			589,748		196,256
SHAREHOLDERS' FUNDS:	15		£2,589,748		£2,196,256

ON BEHALF OF THE BOARD:


G A Davidson - DIRECTOR

Approved by the Board on 27th December 2001

WOLFE SECURITIES LIMITED

CASH FLOW STATEMENT
for the Year Ended 31st March 2001

	Notes	31.3.01		31.3.00	
		£	£	£	£
Net cash inflow from operating activities	1		172,989		1,175,248
Returns on investments and servicing of finance	2		(68,854)		(56,901)
Taxation			(12,819)		(6,603)
Capital expenditure and financial investment	2		(853,385)		(734,271)
			(762,069)		377,473
Financing	2		625,485		(453,954)
Decrease in cash in the period			<u>£(136,584)</u>		<u>£(76,481)</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Decrease in cash in the period		(136,584)		(76,481)	
Cash outflow from increase in liquid resources		<u>642,101</u>		<u>300,887</u>	
Change in net funds resulting from cash flows			<u>505,517</u>		<u>224,406</u>
Movement in net funds in the period			<u>505,517</u>		<u>224,406</u>
Net funds at 1st April			<u>1,580,141</u>		<u>1,355,735</u>
Net funds at 31st March			<u>£2,085,658</u>		<u>£1,580,141</u>

The notes form part of these financial statements

WOLFE SECURITIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31st March 2001

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.01 £	31.3.00 £
Operating profit	579,874	391,468
Depreciation charges	575	714
Unrealised (profit)/loss on options	(45,605)	132,591
Unrealised (profit)/loss on shares	256,889	300,793
(Increase)/Decrease in debtors	(586,095)	299,866
(Decrease)/Increase in creditors	(32,649)	49,816
Net cash inflow from operating activities	172,989	1,175,248

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.01 £	31.3.00 £
Returns on investments and servicing of finance		
Interest received	9,473	2,695
Interest paid	(130,853)	(107,440)
Dividends received	52,526	47,844
Net cash outflow for returns on investments and servicing of finance	(68,854)	(56,901)
Capital expenditure and financial investment		
Cash payments - investmt purch	(4,859,116)	(2,892,721)
Cash receipts - investmt sales	4,005,731	2,158,450
Net cash outflow for capital expenditure	(853,385)	(734,271)
Financing		
New loan taken out in year	539,294	-
Loan repayments in year	(30,500)	(47,763)
New loan given in year	(289,500)	(406,191)
Loan repayments in year	406,191	-
Net cash inflow/(outflow) from financing	625,485	(453,954)

WOLFE SECURITIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31st March 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.00 £	Cash flow £	At 31.3.01 £
Net cash:			
Cash at bank	108,364	(81,161)	27,203
Bank overdraft	(1,254,388)	(55,423)	(1,309,811)
	<u>(1,146,024)</u>	<u>(136,584)</u>	<u>(1,282,608)</u>
Liquid resources:			
Current asset investments	2,726,165	642,101	3,368,266
	<u>2,726,165</u>	<u>642,101</u>	<u>3,368,266</u>
Total	<u>1,580,141</u>	<u>505,517</u>	<u>2,085,658</u>
Analysed in Balance Sheet			
Cash at bank	108,364		27,203
Current asset investments	2,726,165		3,368,266
Bank overdraft	(1,254,388)		(1,309,811)
	<u>1,580,141</u>		<u>2,085,658</u>

WOLFE SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31st March 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the proceeds of sales of properties, options and shares, together with interest received from its money lending operations and brokerage fees for its insurance operations.

Tangible fixed assets

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

Fixtures and fittings - 20% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Quoted securities

Quoted securities held as current asset investments are stated at the lower of cost or realisable value.

Options

Options are valued at market value, which is essentially the cost of premiums that would be required to be paid, or the proceeds of premiums to be received, if all options were to be closed out at the year end.

2. TURNOVER

	31.3.01		31.3.00	
	Turnover	Gross Profit	Turnover	Gross Profit
	£	£	£	£
Share dealing	3,680,956	91,865	2,832,461	383,306
Money lending	121,717	121,717	96,609	96,609
Insurance commission	88,920	88,920	62,559	62,559
Property dealing	478,126	478,126	5,621	5,621
	<u>4,369,719</u>	<u>780,628</u>	<u>2,997,250</u>	<u>548,095</u>

All figures are in respect of UK operations.

3. STAFF COSTS

	31.3.01	31.3.00
	£	£
Wages and salaries	212,610	160,609
Social security costs	19,787	17,191
Other pension costs	3,474	591
	<u>235,871</u>	<u>178,391</u>

WOLFE SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st March 2001

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	31.3.01	31.3.00
Administration	<u>8</u>	<u>8</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.01	31.3.00
	£	£
Depreciation - owned assets	575	714
Auditors' remuneration	<u>1,410</u>	<u>2,118</u>
Directors' emoluments	<u>134,049</u>	<u>72,867</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.01	31.3.00
	£	£
Bank interest	-	56
Bank loan interest	118,435	114,090
Other interest	2,385	2,682
Loan arrangement fees	<u>3,500</u>	<u>-</u>
	<u>124,320</u>	<u>116,828</u>

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.01	31.3.00
	£	£
UK corporation tax	126,002	13,911
Prior year adjustments	<u>(1,575)</u>	<u>668</u>
	<u>124,427</u>	<u>14,579</u>

UK corporation tax has been charged at 30% (2000 - 30%).

WOLFE SECURITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st March 2001**

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings
	<u>£</u>
COST:	
At 1st April 2000 and 31st March 2001	<u>4,346</u>
DEPRECIATION:	
At 1st April 2000	3,243
Charge for year	<u>575</u>
At 31st March 2001	<u>3,818</u>
NET BOOK VALUE:	
At 31st March 2001	<u>528</u>
At 31st March 2000	<u>1,103</u>

8. DEBTORS

	31.3.01 £	31.3.00 £
Amounts falling due within one year:		
Other debtors	349,321	70,766
Corporation tax	-	1,300
Commercial loans	1,237,692	124,337
Due from group undertakings	-	406,191
	<u>1,587,013</u>	<u>602,594</u>
Amounts falling due after more than one year:		
Commercial loans	<u>99,702</u>	<u>615,651</u>
Aggregate amounts	<u>1,686,715</u>	<u>1,218,245</u>

9. CURRENT ASSET INVESTMENTS

	31.3.01 £	31.3.00 £
Listed investments	1,359,214	1,406,953
Property for sale	2,009,052	1,319,212
	<u>3,368,266</u>	<u>2,726,165</u>

Market value of listed investments at 31st March 2001 - £1,359,214 (2000 - £1,406,953).

WOLFE SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st March 2001

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.01	31.3.00
	£	£
Bank loans and overdrafts (see note 11)	2,348,811	1,754,388
Other loans (see note 11)	-	30,500
Other creditors	27,517	67,192
Social security & other taxes	6,328	5,541
Taxation	110,308	-
	<u>2,492,964</u>	<u>1,857,621</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.01	31.3.00
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,309,811	1,254,388
Bank loans	1,039,000	500,000
Other loans	-	30,500
	<u>2,348,811</u>	<u>1,784,888</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.01	31.3.00
	£	£
Bank overdrafts	1,309,811	1,254,388
Bank loans	1,039,000	500,000
	<u>2,348,811</u>	<u>1,754,388</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over the current and future assets of the company.

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.01	31.3.00
			£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>

14. RELATED PARTY DISCLOSURES

The ultimate controlling parties are the Trustees of the Manny Davidson Discretionary Trust.

WOLFE SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st March 2001

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.01	31.3.00
	£	£
Profit for the financial year	393,492	309,593
Net addition to shareholders' funds	393,492	309,593
Opening shareholders' funds	2,196,256	1,886,663
Closing shareholders' funds	2,589,748	2,196,256
Equity interests	2,589,748	2,196,256