

Company Number: 1852009

GARBAN-INTERCAPITAL WCLK LIMITED
(formerly Exco WCLK Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2000



GARBAN-INTERCAPITAL WCLK LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements of the company for the year ended 31 March 2000.

MERGER OF ULTIMATE PARENT UNDERTAKING

On 2 July 1999, the boards of Intercapital plc, the company's ultimate parent undertaking, and Garban plc announced plans for the merger of their respective businesses to be effected by way of an offer by Garban plc for the entire issued share capital of Intercapital plc. On 9 September 1999, the offer was declared unconditional and Garban plc changed its name to Garban-Intercapital plc.

As a result of the merger, the directors now consider the company's ultimate parent undertaking to be Garban-Intercapital plc.

CHANGE OF NAME

On 8 November 1999 the company changed its name from Exco WCLK Limited to Garban-Intercapital WCLK Limited.

ACTIVITIES AND BUSINESS REVIEW

The company is an inter-dealer broker in United Kingdom Gilt-Edged Securities. The company is a member of the Securities and Futures Authority and the London Stock Exchange.

The company will continue to provide an Inter-Dealer broking service to the United Kingdom Gilt-Edged Market. Opportunities for enhancing this service through the use of an electronic trading platform are being explored, with the expectation that this will become fully utilised during the next year.

The directors consider that the year-end financial position was satisfactory.

RESULTS AND DIVIDENDS

The results of the company are set out in the profit and loss account on page 5. The directors recommended the payment of an interim dividend of £750,000 (1999 £1,000,000), which was paid on 8 July 1999. The directors do not recommend the payment of a final dividend (1999: £Nil).

The retained profit of £222,000 (1999: loss of £318,000) was transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

C J Cooke	-	resigned 1 October 1999
G W Lott	-	resigned 31 December 1999
D McClumpha		
J N Pettigrew	-	appointed 14 October 1999
G D Roblin	-	appointed 15 November 1999
P H Stannard		

None of the directors had any interests in the shares of the company during the year. The interests of the directors and their families in the share capital of the ultimate parent company are shown in Note 8 to the financial statements.

GARBAN-INTERCAPITAL WCLK LIMITED

DIRECTORS' REPORT (Cont'd)

YEAR 2000

The group has so far experienced no disruption due to date-related failure of either its own computer systems and software or those operated by third parties.

The lack of disruption reflects the group's review of critical systems for Year 2000 compliance, which began in 1997, and the subsequent performance of all necessary remedial action, which was completed by September 1999.

Contingency plans remain in place to ensure business continuity should any date-related failures occur in critical systems during the coming months.

LAYING OF REPORTS AND ACCOUNTS

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the company in general meeting.

Under the provisions of Section 253(2) of the Companies Act 1985 (as amended), a member has the right to require the reports and accounts to be laid before the company in general meeting. The member must deposit notice of intention to exercise such right at the registered office of the company within twenty eight days of the date of this report.

AUDITORS

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

DONATIONS

During the year the company made charitable donations of £13,102 (1999: £32,173)

GARBAN-INTERCAPITAL WCLK LIMITED

DIRECTORS' REPORT (Cont'd)

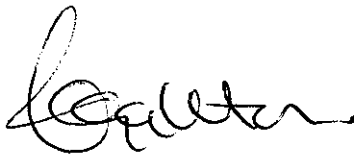
DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each accounting period 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.

The directors confirm that suitable accounting policies have been used and that these policies have been applied on a consistent basis. The directors also confirm that applicable accounting standards have been followed and that reasonable and prudent judgements and estimates have been made in preparing the financial statements.

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.

By Order of the Board



J Eggleton
Secretary

19 June 2000

GARBAN-INTERCAPITAL WCLK LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

GARBAN-INTERCAPITAL WCLK LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

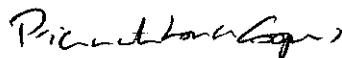
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
LONDON
19 June 2000

GARBAN-INTERCAPITAL WCLK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2000

	<u>Note</u>	<u>Year to</u> <u>31 March</u> <u>2000</u> <u>£'000</u>	<u>15 months to</u> <u>31 March</u> <u>1999</u> <u>£'000</u>
Turnover – continuing operations	1(c),2	4,406	6,971
Administrative expenses	3	(3,106)	(6,207)
Operating exceptionals	3	(130)	-
Operating profit – continuing operations		<u>1,170</u>	<u>764</u>
Interest receivable and similar income	4	<u>119</u>	<u>376</u>
Profit on ordinary activities before taxation		1,289	1,140
Taxation on profit on ordinary activities	6	(317)	(458)
Profit on ordinary activities after taxation		972	682
Dividend paid	5	(750)	(1,000)
Retained profit/(loss) for the period	15	222	(318)
Profit and loss account brought forward		473	791
Profit and loss account carried forward		<u><u>695</u></u>	<u><u>473</u></u>

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

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


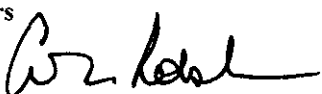
GARBAN-INTERCAPITAL WCLK LIMITED

BALANCE SHEET AS AT 31 MARCH 2000

	<u>Note</u>	<u>31 March</u> <u>2000</u> <u>£'000</u>	<u>31 March</u> <u>1999</u> <u>£'000</u>
Current assets			
Debtors	9	5,780	5,121
Investments	10	1,500	2,000
Cash at bank and in hand		400	246
		<u>7,680</u>	<u>7,367</u>
Creditors: Amounts falling due within one year	11	(411)	(195)
Net current assets		<u>7,269</u>	<u>7,172</u>
Provisions for liabilities and charges	12	-	(125)
Net assets		<u><u>7,269</u></u>	<u><u>7,047</u></u>
 Capital and reserves			
Called up share capital	14	5,400	5,400
Share Premium		1,174	1,174
Profit and loss account		695	473
Equity shareholders' funds	15	<u><u>7,269</u></u>	<u><u>7,047</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors on **19** June 2000 and were signed on its behalf by:

D McClumpha)
) Directors
 G D Roblin)

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared on a consistent basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the most important accounting policies is set out below.

(b) Basis of accounting

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

The consolidated financial statements of Garban-Intercapital plc include a cashflow statement, but no such statement is included in these accounts, as permitted by Financial Reporting Standard 1.

(c) Turnover

Turnover comprises the aggregate value of commission income derived from third parties, and arises wholly in the United Kingdom. Commission income represents the difference between the cost and sale proceeds of each transaction. Commission income is recognised on a trade date basis.

(d) Deferred taxation

Deferred taxation is accounted for in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes to the extent that it is considered probable that a tax liability or asset will crystallise in the foreseeable future.

(e) Matched principal business

The company is involved as principal in the purchase and simultaneous sale of securities between third parties. The trades are complete only when both sides of the deal are matched, therefore the company is exposed to a possible risk in the event of the transaction failing. Substantially all the transactions settle within a short year of time and the possible risk is considered to be small. To reflect the substance of the transactions in accordance with the Financial Reporting Standard 5, the amount due to and payable by counterparties is offset, and the net amount included in trade debtors. The gross position is disclosed in Note 13 to the accounts.

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

2. SEGMENTAL INFORMATION

All revenue and profit before taxation are derived from the company's broking activities within the United Kingdom.

3. ADMINISTRATIVE EXPENSES

All administrative expenses, including the exceptional items set out below and including the auditors' remuneration, have been borne by other group undertakings and recharged by way of group management charges.

The charge for the period was £ 3,106,000 (1999: £6,207,000) excluding exceptional redundancy costs of £130,000 (1999:£Nil)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year to</u> <u>31 March</u> <u>2000</u> <u>£'000</u>	<u>15 months to</u> <u>31 March</u> <u>1999</u> <u>£'000</u>
Bank deposit interest	119	376
	<u> </u>	<u> </u>

5. DIVIDENDS

	<u>Year to</u> <u>31 March</u> <u>2000</u> <u>£'000</u>	<u>15 months to</u> <u>31 March</u> <u>1999</u> <u>£'000</u>
Interim dividend paid 13.9p per share (1999: 18.5p)	750	1,000
	<u> </u>	<u> </u>
	750	1,000
	<u> </u>	<u> </u>

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Year to 31 March 2000 £'000	15 months to 31 March 1999 £'000
UK corporation tax at 30% (1999: 31%)	322	457
Under provisions in respect of prior years	(5)	1
	<hr/>	<hr/>
UK corporation tax at 30% (1999: 31%)	317	458
	<hr/>	<hr/>

7. STAFF COSTS

All staff costs have been borne by fellow subsidiary undertakings. These companies charge a service fee which covers the staff and pension costs of the employees together with other operational costs. The total charge made to the company is included in Note 3.

8. DIRECTORS' EMOLUMENTS AND INTERESTS

(a) Directors' emoluments

J N Pettigrew is a director of the ultimate parent undertaking, Garban-Intercapital plc and receives no emoluments for his services to the company. His emoluments for his services to the group are disclosed in the financial statements of Garban-Intercapital plc.

G D Roblin is a director of fellow subsidiary company, Garban-Intercapital Management Services Limited, and receives no emoluments for his services to the company. His emoluments for his services to the group are disclosed in the accounts of Garban-Intercapital Management Services Limited.

The emoluments of the remaining directors are given below:

	Year to 31 March 2000 £'000	15 months to 31 March 1999 £'000
Aggregate emoluments (including benefits in kind)	649	805
Amounts payable to defined contribution schemes	46	60
	<hr/>	<hr/>
	695	865
	<hr/>	<hr/>

No fees were paid to the directors in respect of services to the company during the year (1999: £Nil).

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

8. DIRECTORS' EMOLUMENTS AND INTERESTS (Cont'd)

(a) Directors' emoluments (cont'd)

The directors' emoluments shown above, include amounts paid to the highest paid director:

	<u>Year to</u> <u>31 March</u> <u>2000</u> <u>£'000</u>	<u>15 months to</u> <u>31 March</u> <u>1999</u> <u>£'000</u>
Aggregate emoluments (including benefits in kind)	257	294
Amounts payable to defined contribution schemes	13	16
	<u>270</u>	<u>310</u>

The total number of directors covered by the pension schemes were:

	<u>Year to</u> <u>31 March</u> <u>2000</u>	<u>15 months to</u> <u>31 March</u> <u>1999</u>
Defined contribution scheme	<u>3</u>	<u>3</u>

(b) Directors' interests

J N Pettigrew is a director of the ultimate parent undertaking, Garban-Intercapital plc, and his interests are disclosed in the financial statements of that company.

D McClumpha had no interests in the share capital of Garban-Intercapital plc.

Other directors' interests in shares (all of which were beneficial) were as follows:

Interests in Garban-Intercapital plc ordinary shares of 50p each

	<u>Ordinary shares</u> <u>at 1 April 1999†</u>	<u>Ordinary shares</u> <u>at 31 March 2000</u>
G D Roblin*	2,699	2,699
P H Stannard*	<u>1,629</u>	<u>-</u>

*Both these directors held shares in Intercapital plc prior to the merger with Garban-Intercapital plc (formerly Garban plc). In order to show actual movements in shareholdings during the year, his holding of Intercapital plc ordinary 25p shares as at 1 April 1999 has been expressed as Garban-Intercapital plc ordinary 50p shares based on the merger offer of 12.31 Garban-Intercapital plc shares for every 100 Intercapital plc shares.

† or date of appointment if later

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

8. DIRECTORS INTERESTS AND EMOLUMENTS(CONT'D)

(b) Directors' interests (cont'd)

Other directors' interests in options over shares were as follows:

Interests in options over Intercapital plc ordinary shares of 25p each

<u>Name</u>	<u>Options</u> <u>at 01.04.99</u>	<u>Awarded</u> <u>in the year</u>	<u>Exercised</u> <u>in the year</u>	<u>Lapsed in</u> <u>the year</u>	<u>Options</u> <u>at 31.03.00</u>
D McClumpha	30,000	-	-	(30,000)	-

Under the rules of the Intercapital plc share option schemes, the merger with Garban plc was a triggering event. As a result, all options outstanding on 9 September 1999 (the effective date of the merger) became exercisable and were either exercised or lapsed when the Intercapital plc share option schemes were subsequently terminated.

Interests in options over Garban-Intercapital plc ordinary shares of 50p

<u>Name</u>	<u>Scheme</u>	<u>Options</u> <u>at 01.04.99</u>	<u>Awarded in</u> <u>the year</u>	<u>Exercised</u> <u>in the year</u>	<u>Lapsed in</u> <u>the year</u>	<u>Options</u> <u>at 31.03.00</u>	<u>Exercise</u> <u>price (p)</u>
D McClumpha	SAYE*	-	9,588	-	-	9,588	176.00
P H Stannard	SAYE*	-	5,504	-	-	5,504	176.00

*A Garban-Intercapital plc SAYE scheme was issued on 17 January 2000. These options are exercisable after 3 years.

9. DEBTORS

	<u>31 March</u> <u>2000</u> <u>£'000</u>	<u>31 March</u> <u>1999</u> <u>£'000</u>
Amounts falling due within one year:-		
Amount owed by parent undertaking	4,860	4,959
Amount owed by fellow subsidiary undertakings	902	112
Trade debtors	13	15
Prepayments and accrued income	5	35
	<u>5,780</u>	<u>5,121</u>

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

10. INVESTMENTS

	<u>31 March</u> <u>2000</u> £'000	<u>31 March</u> <u>1999</u> £'000
Money on deposit	1,500	2,000
	<u>1,500</u>	<u>2,000</u>

11. CREDITORS: Amounts falling due within one year

	<u>31 March</u> <u>2000</u> £'000	<u>31 March</u> <u>1999</u> £'000
Corporation tax	301	58
Accruals and deferred income	82	137
Amounts owed to fellow subsidiaries	28	-
	<u>411</u>	<u>195</u>

12. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	<u>31 March</u> <u>2000</u> £'000	<u>31 March</u> <u>1999</u> £'000
Brought forward	125	-
Movement	(125)	125
	<u>-</u>	<u>125</u>
Carried forward	<u>-</u>	<u>125</u>

13. AMOUNTS OWED BY/TO COUNTERPARTIES

The company was involved as principal in the purchase and simultaneous sale of securities between third parties. The gross amounts of purchase and sale commitments in respect of matched principal business at 31 March 2000 was £655,389,819 (1999: £1,061,569,408)

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

14. CALLED UP SHARE CAPITAL

	<u>31 March</u> <u>2000</u> £'000	<u>31 March</u> <u>1999</u> £'000
Authorised:		
Ordinary shares of £1 each	8,200	8,200
Redeemable preference shares of £1 each	552	552
Total authorised share capital	<u>8,752</u>	<u>8,752</u>
Allotted and fully paid:		
Ordinary shares of £1 each	<u>5,400</u>	<u>5,400</u>

None of the redeemable preference shares have been allotted. In the event of the company being wound up, the preference shareholders have a preferential right to any capital distribution by the company.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Year to</u> <u>31 March</u> <u>2000</u> £'000	<u>15 months to</u> <u>31 March</u> <u>1999</u> £'000
Profit for the financial year	972	682
Dividend paid	(750)	(1,000)
	<u>222</u>	<u>(318)</u>
Opening shareholders' funds	7,047	7,365
Closing shareholders' funds	<u>7,269</u>	<u>7,047</u>

16. GUARANTEES AND CONTINGENT LIABILITIES

The company has granted a fixed and floating charge to National Westminster Bank plc over stock held in the company's name within the Bank of England Central Gilts Office Settlement System. No securities were held at 31 March 2000 (1999: £Nil).

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing related party transactions on the grounds that the consolidated accounts of the ultimate parent undertaking are publicly available.

GARBAN-INTERCAPITAL WCLK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

18. ULTIMATE PARENT COMPANY

The immediate parent company is Intercapital plc which is registered in England and Wales.

The ultimate parent company is Garban-Intercapital plc which is registered in England and Wales.

Within the meaning of the Companies Act 1985 Garban-Intercapital plc is the parent undertaking for which group accounts have been drawn up and of which the company is a member.

Copies of the group accounts of Garban-Intercapital plc are available to the public and can be obtained from:

The Company Secretary
Garban-Intercapital plc
Park House
16 Finsbury Circus
London EC2M 7UR