

# Millbank Financial Services Limited

## Report of the Directors

The directors present their report and financial statements for the year ended 31 December 1996.

## Principal Activity

The principal activity of the company is to carry on the business of providing a management and advisory service in relation to the taxation, accountancy and financial affairs of individuals, trustees and companies.

## Result

The company made a profit after taxation for the year of £583 (1995: £2,988). The directors do not recommend the payment of a dividend.

## Directors

The directors at the date of the report and who served in the year, are:

Mr M W Burrell - Chairman  
Mrs L Petts  
Mr B T George  
Mr R E Webb  
The Duke of Atholl (died 27 February 1996)  
The Hon C A Pearson  
The Countess of Iveagh  
The Hon P N Gibson  
The Hon Mrs M T Stopford Sackville (alternate)  
Mr M S Lakin (appointed 25 September 1996)

## Directors' Interests

All holdings are of ordinary shares

At 1 January 1996  
and 31 December 1996  
Number of Shares

Mrs L Petts	200
Mr B T George	200
Mr M W Burrell	125
The Hon C A Pearson	125
Mr R E Webb	100
The Countess of Iveagh	63
The Hon P N Gibson	62



# Millbank Financial Services Limited

## Changes in Fixed Assets

The movements in fixed assets are shown in note 6.

## Authorisation under the Financial Services Act (1986)

Following the revocation of recognition of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA) under the Financial Services Act 1986, the company applied and was accepted as a member of the Personal Investment Authority on 14 November 1994. However, having taken legal advice, the company is currently withdrawing from membership of the Personal Investment Authority on the ground that it does not conduct investment business as defined by the Financial Services Act 1986.

## Auditors

A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

By order of the board



R E Webb  
Secretary

22 October 1997

# **Millbank Financial Services Limited**

## **Report of the Auditors**

To the members of Millbank Financial Services Limited.

We have audited the financial statements on pages 5 to 14.

### **Respective responsibilities of directors and auditors**

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 these financial statements, the directors are required to:

- select suitable accounting procedures and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue 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.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements 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 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.

# Millbank Financial Services Limited

## Report of the Auditors - (continued)

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 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
London

28 October 1997

# Millbank Financial Services Limited

## Profit and Loss Account For the year ended 31 December 1996

	Notes	1996 £	1995 £
<b>Turnover</b>	2		
Fees relating to:			
UK Trusts		430,000	384,320
Overseas Trusts		15,000	15,000
Other clients		336,007	311,425
		<u>781,007</u>	<u>710,745</u>
Administrative expenses		778,454	706,580
		<u>2,553</u>	<u>4,165</u>
Operating profit			
Interest payable		1,182	690
		<u>1,371</u>	<u>3,475</u>
<b>Profit on ordinary activities before taxation</b>	4	1,371	3,475
<b>Taxation</b>	5	788	487
		<u>583</u>	<u>2,988</u>
<b>Profit for the year</b>			
Retained profit at 1 January		63,988	61,000
		<u>63,988</u>	<u>61,000</u>
<b>Retained profit at 31 December</b>		<u>£64,571</u>	<u>£63,988</u>

All activities of the company are regarded as continuing. The company has no recognised gains and losses other than those included in the profit above and there is therefore no separate statement of total recognised gains and losses.

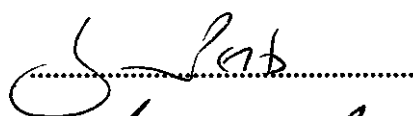
The company's results as reported are on an historical cost basis. Accordingly, there is no separate note of historical cost profits and losses.

# Millbank Financial Services Limited

## Balance Sheet at 31 December 1996

	Notes	1996 £	1995 £
<b>Fixed assets</b>			
Tangible assets	6	24,539	32,036
<b>Current assets</b>			
Debtors	7	263,026	208,146
Cash at bank and in hand		78	4,565
		<u>263,104</u>	<u>212,711</u>
<b>Current liabilities</b>			
Creditors falling due within one year	8	123,739	73,426
<b>Net current assets</b>		<u>139,365</u>	<u>139,285</u>
<b>Total assets less current liabilities</b>		163,904	171,321
Creditors falling due after more than one year	8	98,333	106,333
<b>Total net assets</b>		<u><u>£65,571</u></u>	<u><u>£64,988</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account		64,571	63,988
Equity shareholders' funds	11	<u><u>£65,571</u></u>	<u><u>£64,988</u></u>

Approved by the Board on 23 October 1997



Director



Director

# Millbank Financial Services Limited

## Cash flow Statement for the year ended 31 December 1996

	Notes	1996 £	1995 £
<b>Net cash inflow/(outflow) from operating activities</b>			
Reconciliation to profit before tax shown below		(10,978)	387
<b>Return on investment and servicing of finance</b>			
Interest payable		(1,182)	(690)
<b>Net cash (outflow) from servicing of finance</b>		(1,182)	(690)
<b>Taxation</b>			
UK corporation tax paid		(487)	(511)
<b>Investment activities</b>			
Purchase of tangible fixed assets		(3,919)	(30,151)
<b>Net cash outflow from investing activities</b>		(3,919)	(30,151)
<b>Net cash outflow before financing</b>		(16,566)	(30,965)
<b>Financing</b>			
Receipt of loan		-	24,000
Repayment of loan		(8,000)	(4,667)
<b>Net cash (outflow)/inflow from financing</b>		(8,000)	19,333
<b>(Decrease) in cash and cash equivalents</b>	13	£(24,566)	£(11,632)
<b>Reconciliation of profit before tax to net cash (outflow)/inflow from operating activities</b>			
		1996 £	1995 £
Profit before interest and tax		2,553	4,165
Depreciation on tangible fixed assets		11,416	10,691
(Increase) in debtors		(54,880)	(13,127)
Increase/(decrease) in creditors (less corporation tax creditor and bank loan)		29,933	(1,342)
<b>Net cash (outflow)/inflow from operating activities</b>		(10,978)	387

# Millbank Financial Services Limited

## Notes to the Accounts for the year ended 31 December 1996

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

#### *Basis of accounting*

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

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost. Depreciation is calculated so as to write off the cost of the assets in equal instalments over their estimated lives as follows:

Leasehold property	- 16 years from 1988
Furniture and equipment	- 4 years
Fixtures and fittings	- 4 years

#### *Leases*

Operating lease rentals are written off as incurred.

### 2. FEE INCOME

Fee income is in respect of management and advisory services to trustees and other clients.

It is calculated net of value added tax and represents the total amounts receivable by the company in respect of services supplied during the year.

### 3. DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Salaries and wages	344,359	329,519
Social Security costs	35,762	33,018
Other pension costs	55,830	56,946
	<u>£435,951</u>	<u>£419,483</u>

The average weekly number of people, including executive directors, employed by the company during the year was 13 (1995: 12).



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## 3. DIRECTORS AND EMPLOYEES (continued)

The remuneration paid to the directors was:

	1996 £	1995 £
Salaries (including benefits in kind)	185,686	176,688
Pension contributions	30,938	29,588
	<u>£216,624</u>	<u>£206,276</u>

Fees and emoluments, excluding pension contributions, disclosed above, include amounts paid to:

	1996 £	1995 £
The Chairman	-	-
The highest paid director	70,133	64,975

The number of directors who received emoluments, excluding pension contributions, in the following ranges was:

	1996 Number	1995 Number
£0 - £5,000	7	6
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-
£70,001 - £75,000	1	2
£65,001 - £70,000	1	-

## 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Depreciation	11,416	10,691
Auditors' remuneration for audit	3,255	3,100
Hire of assets and operating leases	97,214	96,925

The interest payable is due on the bank loan. (See note 9).

Remuneration of the company's auditors for provision of non-audit services to the company was £935 (1995: £890).

# Millbank Financial Services Limited

## 5. TAXATION

	1996 £	1995 £
UK Corporation tax at 25% on profit adjusted for tax purposes	788	487
	<u>      </u>	<u>      </u>

The effective rate of taxation in 1996 is in excess of 57% due to disallowable expenditure and the excess of depreciation over capital allowances. The taxation charge in 1995 was reduced in respect of the excess of tax allowances over depreciation.

## 6. TANGIBLE FIXED ASSETS

	Short leasehold premises £	Furniture and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 1996	10,000	100,878	45,000	155,878
Additions	-	3,919	-	3,919
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At 31 December 1996	10,000	104,797	45,000	159,797
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Depreciation</b>				
At 1 January 1996	5,000	73,842	45,000	123,842
Provision for the year	625	10,791	-	11,416
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At 31 December 1996	5,625	84,633	45,000	135,258
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Net book value</b>				
At 31 December 1996	£4,375	£20,164	-	£24,539
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At 31 December 1995	£5,000	£27,036	-	£32,036
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

## 7. DEBTORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	5,822	5,148
Other debtors	4,021	4,196
Prepayments and accrued income	253,183	198,802
	<u>      </u>	<u>      </u>
	£263,026	£208,146
	<u>      </u>	<u>      </u>

# Millbank Financial Services Limited

## 8. CREDITORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade creditors	3,765	18,582
Corporation tax	788	487
Other taxation and social security	43,691	39,263
Accruals and deferred income	47,416	7,094
Loan from Royal Bank of Scotland	8,000	8,000
Bank overdraft	20,079	-
	<u>£123,739</u>	<u>£73,426</u>
Amounts falling due in more than one year:		
Unsecured and interest free loans from		
The Dickinson Trust Limited	95,000	95,000
Loan from Royal Bank of Scotland	3,333	11,333
	<u>£98,333</u>	<u>£106,333</u>

## 9. BANK LOANS

	1996 £	1995 £
Repayable as follows:		
In one year or less than one year	8,000	8,000
Between one and two years	3,333	8,000
Between two and five years	-	3,333
	<u>£11,333</u>	<u>£19,333</u>

The loan is at a variable rate of interest which varies according to the base rate of the Royal Bank of Scotland.

## 10. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# Millbank Financial Services Limited

## 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the year	583	2,988
Opening shareholders' funds	64,988	62,000
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>£65,571</u>	<u>£64,988</u>

## 12. LOANS TO DIRECTORS

The company makes interest free season ticket loans to its employees, including Mr BT George and Mrs L Petts, who are directors. The maximum amounts of the loans outstanding during 1996 was £1,180 and £2,416 respectively. The amounts outstanding at 31 December 1996 were £1,078 and £Nil respectively (1995: £1,045 and £Nil).

## 13. CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Changes in the year		
At 1 January	4,565	16,197
Net cash outflow	(24,566)	(11,632)
	<u>          </u>	<u>          </u>
At 31 December	<u>£(20,001)</u>	<u>£4,565</u>
	<u>          </u>	<u>          </u>
Analysis of balances - current year		
Cash at bank and in hand	78	4,565
Bank overdraft	(20,079)	-
	<u>          </u>	<u>          </u>
	<u>£(20,001)</u>	<u>£4,565</u>
	<u>          </u>	<u>          </u>
	1995 £	1994 £
Analysis of balances - prior year		
Cash at bank and in hand	4,565	16,197
	<u>          </u>	<u>          </u>
Net cash and cash equivalents	<u>£4,565</u>	<u>£16,197</u>
	<u>          </u>	<u>          </u>

# Millbank Financial Services Limited

## 14. FINANCIAL COMMITMENTS

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 Land and buildings £	1996 Other £	1995 Land and buildings £	1995 Other £
Lease expiring in:				
Less than 1 year	-	4,524	-	1,633
1-2 years	-	-	-	4,524
2-5 years	-	10,235	-	10,235
Over 5 years	77,550	-	77,550	-

## 15. CAPITAL COMMITMENTS

At 31 December 1996, there was £7,500 of capital expenditure authorised but not yet contracted for (1995: £Nil). There were no other capital commitments at 31 December 1996 (1995: £Nil).

## 16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1996 (1995: £Nil).

## 17. RELATED PARTY DISCLOSURES

The Company provides management and advisory services in relation to the taxation and financial affairs of 223 trusts, the majority of which have as beneficiaries and settlors members of the Pearson family, including the following directors: Mr M W Burrell, The Hon C A Pearson, The Countess of Iveagh, The Hon P N Gibson, The Hon Mrs M T Stopford Sackville (alternate) and Mr M S Lakin.

The Cowdray Trust Limited and The Dickinson Trust Limited are trustees of these trusts. Fees are payable by The Cowdray Trust Limited and The Dickinson Trust Limited to the Company for services performed by the Company for the trusts. The Cowdray Trust Limited and The Dickinson Trust Limited cover the costs of the fees by invoicing the individual trusts themselves.

## **Millbank Financial Services Limited**

### **17. RELATED PARTY DISCLOSURES continued**

The Cowdray Trust Limited and The Dickinson Trust Limited are related parties with the Company due to there being directors in common with the Company. Fees charged to the Cowdray Trust Limited during 1996 were £261,832 (1995: £200,656). The balance owing from The Cowdray Trust Limited to the Company at the year end was £4,200 (1995: £2,590). Fees charged to the Dickinson Trust Limited during 1996 were £168,168 (1995: £183,664). The balance owing from The Dickinson Trust Limited to the Company at the year end was £NIL (1995: £320).

As disclosed in note 8 there is a loan from The Dickinson Trust Limited to the Company.