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CARR SHEPPARDS CROSTHWAITE LIMITED

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2000



**CARR SHEPPARDS CROSTHWAITE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2000**

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2000.

Registration

The registered number of the company is 2122340.

Activities and state of affairs

The principal activity of the company is investment management and stockbroking carried out as a corporate member of the London Stock Exchange.

The year saw a significant growth in revenue and profitability following the integration of the business of Henderson Crosthwaite.

Results and dividends

The profit for the year and the movement in retained earnings are shown on page 4. The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2000 (1999 £nil).

Directors and their interests

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

N W Bagshawe	S Koseff*	
C A L Brangwin	R M Leach	
A J Burr	I Maxwell Scott	
F C Carr	T May	
P T Crosthwaite	G Nowell-Mitchell	
G D O Davenport	M A Pickford	Resigned 5 April 2000
A G Evans	M J S Redmayne	
H S Herman*	A T G Richards	
C P Hills	A Tapnack*	
B Kantor*	R J B Yeldham	

* Non-executive

None of the directors had any interests in the company or in any group companies requiring disclosure under Schedule 7 of the Companies Act 1985.

During the year the company has maintained cover for directors and officers under a group liability insurance policy.

CARR SHEPPARDS CROSTHWAITE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2000

Creditor payment policy

The company's standard practice is to agree the terms of payment with suppliers at the time of the contract and to make payments within the agreed credit term subject to satisfactory performance.

Employees

The company's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled every effort is made to ensure their continued employment.

Environment

The company is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice among its employees and within the communities in which it operates.

Statement of directors' responsibilities

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

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

The directors 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 of fraud and other irregularities.

Year 2000

As reported last year, the company had implemented a thorough review of all systems and, as a result, operated without any problems or disruptions to business through the Year 2000 date change to the present. Management continues to monitor the position closely, since it is not possible for any organisation to guarantee that, given their nature, no Year 2000 problems remain. Costs, the majority of which were in-house, have been written off as incurred and none of significance is expected in the future.

**CARR SHEPPARDS CROSTHWAITE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2000**

Auditors

During the year, our auditors PricewaterhouseCoopers resigned as auditors of the company and the directors appointed Ernst & Young to fill the resulting vacancy.

A resolution to reappoint Ernst & Young as auditors of the company, and its subsidiaries, will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Fred Carr', written in a cursive style.

F C Carr
Director
9 June 2000

CARR SHEPPARDS CROSTHWAITE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
Continuing operations			
Turnover	2	48,129	27,563
Staff costs	3	(33,070)	(17,996)
Other operating costs		(11,638)	(7,893)
Operating profit	5	<u>3,421</u>	<u>1,674</u>
Interest receivable and similar income	6	14,252	10,928
Interest payable and similar charges	7	(10,245)	(8,400)
Profit on ordinary activities before taxation		<u>7,428</u>	<u>4,202</u>
Taxation	8	(3,314)	(1,470)
Profit for the financial year		<u>4,114</u>	<u>2,732</u>
Retained earnings			
At beginning of year		3,866	1,134
Retained profit for the year		4,114	2,732
At end of year		<u>7,980</u>	<u>3,866</u>

There have been no recognised gains or losses in the year under review or in the prior year other than as stated in the profit and loss account.

CARR SHEPPARDS CROSTHWAITE LIMITED
BALANCE SHEET
AS AT 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	9	2,304	2,194
Investments	10	63	63
		<u>2,367</u>	<u>2,257</u>
CURRENT ASSETS			
Debtors	11	159,941	134,859
Investments	12	38	8
Cash at bank and in hand	13	348,038	294,139
		<u>508,017</u>	<u>429,006</u>
CREDITORS: amounts falling due within one year	14	491,943	416,936
NET CURRENT ASSETS		<u>16,074</u>	<u>12,070</u>
Total assets less current liabilities		<u>18,441</u>	<u>14,327</u>
CAPITAL AND RESERVES			
Called up equity share capital	15	10,455	10,455
Share premium account	16	6	6
Profit and loss account		7,980	3,866
Total shareholder's funds	17	<u>18,441</u>	<u>14,327</u>

These financial statements, on pages 6 to 12, were approved by the board on 9 June 2000 and signed on its behalf by:



F C Carr
Director

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

1. Principal accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

(b) Group accounts

The company is exempt under s228 of the Companies Act 1985 from preparing group accounts because it has been included in the consolidated financial statements of Investec Holdings (UK) Limited, a company incorporated in the United Kingdom.

(c) Cash flow statements

The company has taken advantage of the exemption available under Financial Reporting Standard 1 not to present a cash flow statement. The company's cash flows have been included in the consolidated cash flow statement of its ultimate parent company, Investec Holdings Limited of South Africa.

(d) Turnover

Turnover comprises the stockbroking commissions earned on transaction date, net of shared commissions, and other fees.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation provided on a straight line basis at rates calculated to write off the assets over their anticipated useful lives. The anticipated useful lives of the assets are as follows:

Computer software	3 years
Equipment and fittings	3 – 5 years
Leasehold improvements	5 years

(f) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Provision is made for deferred tax to allow for timing differences between the recognition of certain items of income and expense for tax and accounting purposes, using the liability method. Deferred tax is calculated at the rate at which it is anticipated the timing differences will reverse.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated into sterling at the exchange rates ruling at the time of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(h) Client monies

Cash balances held on behalf of clients are included in cash at bank and in hand. The related creditor is included in trade creditors.

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

2. Turnover

	2000	1999
	£'000	£'000
Net stockbroking commissions	32,683	17,022
Other fees and commissions	15,446	10,541
	<u>48,129</u>	<u>27,563</u>

In the opinion of the directors, investment management and stockbroking activities are closely related and therefore have been treated as one business. No geographical segmental information is provided as the activity of the company relates entirely to business originating in the United Kingdom.

3. Employee information

- (a) The average monthly number of persons employed by the company, including executive directors, during the year was made up as follows: -

	2000	1999
	No.	No.
Investment management, research and dealing	179	76
Administration	213	200
	<u>392</u>	<u>276</u>

- (b) Employment costs of employees, including executive directors, were as follows: -

	2000	1999
	£'000	£'000
Wages and salaries	28,556	15,645
Social security costs	2,930	1,538
Other pension costs	1,584	813
	<u>33,070</u>	<u>17,996</u>

Pension plan costs in respect of members of the defined contribution schemes are charged to profit and loss as they fall due.

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

4. Directors' emoluments

	2000	1999
	£'000	£'000
Highest paid director:		
Emoluments	419	338
Pension contributions	15	13
Directors including highest paid director:		
Emoluments	5,461	3,044
Pension contributions	223	142

At the year end there were sixteen directors (1999 sixteen) to whom retirement benefits were accruing under defined contribution schemes.

5. Operating profit

Operating profit is stated after charging: -	2000	1999
	£'000	£'000
Auditors' remuneration:		
Audit services	65	72
Other services	3	22
Depreciation of tangible fixed assets	1030	629

6. Interest receivable and similar income

	2000	1999
	£'000	£'000
Other interest receivable	<u>14,252</u>	<u>10,928</u>

7. Interest payable and similar charges

	2000	1999
	£'000	£'000
Bank loans and overdrafts	34	25
Other interest payable	10,211	8,375
	<u>10,245</u>	<u>8,400</u>

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

8. Taxation on ordinary activities

	2000 £'000	1999 £'000
Prior years' charge	914	-
Charge for the year	2,400	1,470
UK corporation tax	<u>3,314</u>	<u>1,470</u>

9. Tangible fixed assets

	Leasehold improvements £'000	Computer software £'000	Equipment and fittings £'000	Total £'000
Cost				
At beginning of year	301	1,019	2,673	3,993
Additions	66	311	774	1,151
Disposals	-	(74)	(84)	(158)
At end of year	<u>367</u>	<u>1,256</u>	<u>3,363</u>	<u>4,986</u>
Depreciation				
At beginning of year	167	658	974	1,799
Charge for the year	66	244	720	1,030
Disposals	-	(66)	(81)	(147)
At end of year	<u>233</u>	<u>836</u>	<u>1,613</u>	<u>2,682</u>
Net book value				
At beginning of year	<u>134</u>	<u>361</u>	<u>1,699</u>	<u>2,194</u>
Net book value				
At end of year	<u>134</u>	<u>420</u>	<u>1,750</u>	<u>2,304</u>

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

10. Fixed asset investments

	2000 £'000	1999 £'000
Investments in subsidiaries	<u>63</u>	<u>63</u>

In the opinion of the directors, the investments are worth no less than the amount at which they are stated in the balance sheet. The subsidiaries, which are wholly owned, unlisted, and registered in England, are as follows: -

Bell Nominees Ltd	Investment Administration Nominees Ltd
Carr Investment Services Nominees Ltd	Investment Services Administration Ltd
Carr (PAL) Nominees Ltd	ISA Administration Ltd
Carr PEP Nominees Ltd	Mayflower Management Company Ltd
Carr Sheppards Crosthwaite Insurance Brokers Ltd	PEP Services Ltd
Carr Sheppards Crosthwaite Pension Trustees Ltd	PEP Services (Nominees) Ltd
CSC Trustee Services Ltd	R&R Nominees Ltd
Ferlim Nominees Ltd	Sheppards and Chase Ltd
HCL Nominees Ltd	Sheppards Ltd
Individual Savings Account Administration Ltd	Sheppards Nominees Ltd
Investment Administration Ltd	Tudor Nominees Ltd

11. Debtors

	2000 £'000	1999 £'000
Amounts due from clients, foreign exchange dealers and LSE member firms	153,209	128,696
Amounts due from parent and fellow subsidiary undertakings	220	96
Amounts due from subsidiary undertakings	40	25
Other debtors	1,699	782
Prepayments and accrued income	4,773	5,260
	<u>159,941</u>	<u>134,859</u>

12. Current asset investments

	2000 £'000	1999 £'000
Other investments	<u>38</u>	<u>8</u>

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

13. Cash at bank and in hand

Cash at bank and in hand includes £326,746,000 (1999 £287,619,000) of client monies.

14. Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Bank loans and overdrafts – unsecured	4,033	4,423
Amounts due to clients, foreign exchange dealers and LSE member firms	466,575	399,127
Amounts owed to parent and fellow subsidiary undertakings	475	619
Amounts owed to subsidiary undertakings	32	16
Taxation and social security costs	3,302	1,896
Other creditors	2,723	2,437
Accruals and deferred income	14,803	8,418
	<u>491,943</u>	<u>416,936</u>

15. Called up share capital

	2000	1999
	£'000	£'000
Authorised:		
12,000,000 Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>
Allotted, called up and fully paid:		
10,455,000 Ordinary shares of £1 each	<u>10,455</u>	<u>10,455</u>

16. Share premium account

	2000	1999
	£'000	£'000
Premium on shares issued	<u>6</u>	<u>6</u>

CARR SHEPPARDS CROSTHWAITE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

17. Reconciliation of shareholder's equity

	2000	1999
	£'000	£'000
Opening shareholder's funds	14,327	8,595
Retained profit for the year	4,114	2,732
New share capital subscribed	-	3,000
Closing shareholder's funds	<u>18,441</u>	<u>14,327</u>

18. Contingent liabilities

The company has given indemnities to banks in respect of lost share certificates. No material losses are expected to arise under these indemnities.

19. Related party transactions

As the company is a 100% subsidiary undertaking, and consolidated financial statements for its ultimate parent, Investec Holdings Limited, are publicly available, group transactions have not been disclosed pursuant to the exemptions permitted in FRS 8.

20. Ultimate and intermediate parent companies

The company's ultimate parent company, and controlling party, is Investec Holdings Limited, a company incorporated in the Republic of South Africa and quoted on the Johannesburg Stock Exchange. Its intermediate parent company in the UK is Investec Holdings (UK) Limited.

The consolidated financial statements of both groups are available to the public and may be obtained from Investec Bank (UK) Limited at 2 Gresham Street, London, EC2V 7QP.

REPORT OF THE AUDITORS TO THE MEMBERS OF CARR SHEPPARDS CROSTWAITE LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

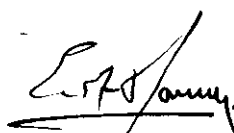
Basis of opinion

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 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 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2000, and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London
9 June 2000