

2122340

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2006



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**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2006**

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2006.

Registration

The registered number of the company is 2122340.

Change of company name

On 1 December 2005 Carr Sheppards Crosthwaite Limited changed its name to Rensburg Sheppards Investment Management Limited.

Principal activity

The principal activity of the company is the provision of investment management services to private and corporate clients and charities.

Results and dividends

The results for the year are shown on page 6. An interim dividend of £3,000,000 was paid on 20 January 2006 and a further interim dividend of £1,400,000 was paid on 31 January 2006. The directors do not recommend the payment of a final dividend for the year under review (2005: £10,266,000). In accordance with Financial Reporting Standard 21, dividends have been recorded in the financial statements in the period in which they are declared, as set out in note 1 (n) and note 20.

Review of business and future prospects

On 6 May 2005 the entire issued share capital of the company was acquired by Rensburg plc (subsequently renamed Rensburg Sheppards plc). Following the acquisition, the Rensburg Sheppards group has undertaken a reorganisation. Full details of the impact of this reorganisation on Rensburg Sheppards Investment Management Limited are set out in note 13.

The directors are satisfied with the performance of the company during the year. The profit and loss account is set out on page 6.

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 directors recognise that the company's reputation is based mainly on the personal service given to its clients by qualified and experienced employees. Full communication is encouraged and employees are provided with information on all business developments. The company gives full and fair consideration to applications for employment made by disabled persons, taking into account their particular aptitudes and abilities and the nature of work involved. Should an employee become disabled, arrangements are made, wherever practicable, to enable them to continue their employment with the company.

Donations

The company made charitable contributions during the year of £14,000 (2005: £3,000). In addition, a charge of £530,000 has been recognised in the profit and loss account for the period representing Carr Sheppards Crosthwaite Limited's historic commitment to specifically donate all trail commission income received prior to 1 December 2005 to charitable causes (March 2005: £400,000).

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2006**

Directors and their interests

The directors who held office at the end of the year were as follows:

		Interest in 10 90/91p Ordinary Shares of Rensburg Sheppards plc	
		At 31 March 2006	At 31 March 2005
Robert Allen	Appointed 1/2/06	2,530	-
Nicholas Bagshawe		See below	-
David Bulteel		-	-
Michael Burns	Appointed 6/5/05	See below	-
Steve Elliott		See below	-
Nicholas Lane Fox	Appointed 1/2/06	See below	-
Ian Maxwell Scott		See below	-
Mark Redmayne		2,500	-
Jonathan Seal	Appointed 1/2/06	23,743	-
Jonathan Wragg	Appointed 6/5/05	See below	-

Nicholas Bagshawe, Michael Burns, Steve Elliott, Nicholas Lane Fox, Ian Maxwell Scott and Jonathan Wragg are directors and shareholders of Rensburg Sheppards plc and their interests are disclosed in the report of that company.

The following resigned as directors of the company during the year:

Adam Burr	Resigned 31/1/06
Alun Evans	Resigned 31/1/06
Hugh Herman	Resigned 6/5/05
Chris Hills	Resigned 31/1/06
Bernard Kantor	Resigned 6/5/05
Stephen Koseff	Resigned 6/5/05
Tony Richards	Resigned 31/1/06
Alan Tapnack	Resigned 6/5/05

Employee Benefit Trust

An Employee Benefit Trust ('EBT') was established by Investec 1 Limited ('Investec') under the terms of the acquisition of Carr Sheppards Crosthwaite Limited, by Rensburg Sheppards plc on 6 May 2005, as set out in the listing particulars issued by Rensburg Sheppards plc on 23 March 2005.

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2006**

The directors who held office at the end of the year had the following potential future entitlements to shares held by the EBT:

**Potential future entitlement to 10 90/91p
Ordinary Shares of Rensburg Sheppards plc**

	At 31 March 2005	Interest arising in period	At 31 March 2006
Nicolas Bagshawe	See below	See below	See below
David Bulteel	-	37,129	37,129
Steve Elliott	See below	See below	See below
Ian Maxwell Scott	See below	See below	See below
Mark Redmayne	-	141,050	141,050

Nicolas Bagshawe, Steve Elliott and Ian Maxwell Scott are directors of Rensburg Sheppards plc and their interests are disclosed in the report of that company.

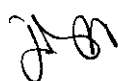
The above amounts represent potential future entitlements conferred on the above directors of Rensburg Sheppards Investment Management Limited by Investec, under the terms of the EBT. The directors are entitled to participate in the EBT by virtue of their past service as directors of Carr Sheppards Crosthwaite Limited. Under the terms of the EBT, the trustee will be requested by Investec on 6 May 2008 to consider providing the number of shares shown above, or other equivalent benefit, to the relevant directors providing that they are employees of the Rensburg Sheppards group on that date. The future provision of these shares is not subject to any performance criteria or consideration and no amounts were payable at the time the potential entitlement was conferred.

The EBT does not fall within the control of the Rensburg Sheppards group and as such, the cost of the EBT has been accounted for as a prepayment by Rensburg Sheppards plc of certain of the group's future employment costs. No costs associated with the EBT have been incurred by Rensburg Sheppards Investment Management Limited.

Auditors

KPMG Audit plc will remain as Auditors of the Company in accordance with the provisions of Section 386 of the Companies Act 1985.

By order of the board



Jonathan Wragg
Director
16 May 2006

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL
STATEMENTS**

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 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 financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)**

We have audited the company financial statements (the "financial statements") of Rensburg Sheppards Investment Management Limited (formerly Carr Sheppards Crosthwaite Limited) for the year ended 31 March 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of the company's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit PLC
Chartered Accountants
Registered Auditor
Leeds
16 May 2006

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006			2005 Restated
		Continuing operations		Total	
		Existing	Acquisitions		
		£'000	£'000	£'000	£'000
Turnover	1,2	51,236	7,954	59,190	49,585
Operating expenses		(35,396)	(5,585)	(40,981)	(41,860)
Reorganisation costs	5	(4,290)	(722)	(5,012)	-
Goodwill amortisation	10	-	(92)	(92)	-
Total administrative expenses		(39,686)	(6,399)	(46,085)	(41,860)
Operating profit	5	11,550	1,555	13,105	7,725
Net interest receivable and similar income	6			921	1,068
Cost of closure of operations	7			-	(1,000)
Profit on ordinary activities before taxation				14,026	7,793
Taxation	8			(4,466)	(375)
Profit for the financial year				9,560	7,418

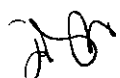
There are no recognised gains or losses during the current or previous period other than the result for the year stated above and therefore no separate statement of total recognised gains and losses has been presented.

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

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
BALANCE SHEET
AS AT 31 MARCH 2006

	Note	2006 £'000	2005 £'000 Restated
FIXED ASSETS			
Intangible assets	10	7,569	-
Tangible assets	11	2,504	512
Investments	12	87	83
		<u>10,160</u>	<u>595</u>
CURRENT ASSETS			
Debtors	14	158,750	61,518
Cash at bank and in hand		31,483	22,133
		<u>190,233</u>	<u>83,651</u>
CREDITORS: amounts falling due within one year	15	(162,600)	(62,037)
NET CURRENT ASSETS		<u>27,633</u>	<u>21,614</u>
PROVISIONS FOR LIABILITIES AND CHARGES	17	(7,160)	(530)
Total assets less current liabilities		<u>30,633</u>	<u>21,679</u>
CAPITAL AND RESERVES			
Called up equity share capital	18	10,455	10,455
Share premium account	19	14,066	6
Profit and loss account	19	6,112	11,218
Total shareholders' funds	20	<u>30,633</u>	<u>21,679</u>

These financial statements, on pages 6 to 18, were approved by the board on 16 May 2006 and signed on its behalf by:



Jonathan Wragg
Director
16 May 2006

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

1. Principal accounting policies

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing this financial information, there have been no material changes to the accounting policies previously applied by the company in preparing its annual Report & Financial Statements, with the exception of accounting for interest receivable in the course of ordinary investment business, monies held on behalf of clients and dividends. These changes in accounting policy and their effect on the financial statements are explained in accounting policy notes (d), (i) and (n) below. The main accounting policies, which have been applied consistently, are set out below.

(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 Rensburg Sheppards plc, a company incorporated in the United Kingdom.

(c) Cash flow statements

Financial Reporting Standard 1 (Revised 1996) has been implemented by the company's holding company, Rensburg Sheppards plc. The company itself is a wholly owned subsidiary of Rensburg Sheppards plc and as such is an exempt entity under FRS 1 (Revised 1996).

(d) Turnover

Turnover comprises commission, fees and interest receivable in the course of ordinary investment business and is stated net of commissions payable to agents and Value Added Tax. Turnover is recognised on a trade date basis apart from fees which are recognised on the basis of a fund's value at the relevant account date and interest which is recognised on an accruals basis. Previously, interest receivable in the course of ordinary investment business was included within net interest receivable and similar income. This change in accounting policy results in a fairer presentation of the turnover of the company. The net effect of this change on the profit for the financial year is £nil (2005: Nil).

(e) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is up to a maximum of twenty years. Provision is made for any impairment.

(f) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, on a straight line basis of each asset over its expected useful economic life as follows:

Computer hardware and software	3 – 5 years
Equipment and fittings	3 – 15 years

(g) Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

(h) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is recognised in respect of all timing differences (except as otherwise required by FRS 19) that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

1. Principal accounting policies (continued)

(h) Taxation (continued)

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

(i) Clients' money

Cash balances are included in the financial statements net of monies held on behalf of clients. Previously, monies held on behalf of clients were included in cash at bank and in hand and the related creditor included in Creditors: amounts falling due within one year. This change in accounting policy results in a fairer presentation of the cash position of the company. The net effect of this change on reported reserves for the year ended 31 March 2006 is £nil (2005: Nil).

(j) Pensions

The company only operates defined contribution schemes and contributions are charged to the profit and loss account in the period to which they relate.

(k) 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.

(l) Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Rensburg Sheppards group or investees of the Rensburg Sheppards group.

(m) Operating leases

Costs in respect of operating leases are charged to the profit and loss account in the period to which they relate.

(n) Dividends

Following the implementation of Financial Reporting Standard 21 for the first time during the year, dividends payable are recognised during the period in which they are declared. Previously, dividends declared after the end of the period but prior to the financial statements being authorised for issue were recognised as a liability at the balance sheet date. The adoption of FRS 21 has resulted in a reduction in the retained profit for the year ended 31 March 2006 of £10,266,000. The effect on the year ended 31 March 2005 is to increase retained profit by £6,766,000.

2. Segmental reporting

The company's activities consist solely of investment management and administrative services within the United Kingdom.

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

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: -

	2006	2005
	No.	No.
Investment management	169	164
Administration	174	183
	<u>343</u>	<u>347</u>

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

	2006	2005
	£'000	£'000
Wages and salaries	23,493	24,550
Social security costs	2,830	3,017
Other pension costs	1,714	1,728
	<u>28,037</u>	<u>29,295</u>

No amounts were payable to defined contribution pension funds at the end of the financial year (2005: Nil).

4. Directors' emoluments

	2006	2005
	£'000	£'000
Highest paid director:		
Emoluments	388	402
Pension contributions	20	20
Directors including highest paid director:		
Emoluments	2,171	3,148
Pension contributions	139	175

In addition to the amounts shown above, one director was entitled to receive a bonus in respect of the period 1 February 2006 to 31 March 2006. This bonus is expected to be awarded in June 2006.

At the year end there were 10 directors (2005: 9) to whom retirement benefits were accruing under defined contribution schemes.

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

5. Operating profit

Operating profit is stated after charging:

	2006	2005
	£'000	£'000
Auditors remuneration:		
Audit services	77	77
Other services	18	19
Amortisation of goodwill	92	-
Reorganisation costs	5,012	-
Loss on disposal of tangible fixed assets	6	31
Depreciation of tangible fixed assets	522	388
Operating lease rentals – property	1,238	1,785
Operating lease rentals – motor vehicles	43	-

On 6 May 2005, Rensburg Sheppards plc acquired the entire share capital of Carr Sheppards Crosthwaite Limited. Since the date of acquisition, the process of integrating the activities of the company into the Rensburg Sheppards group has been ongoing. The resulting reorganisation costs of £5,012,000 represent the costs that the company has committed to during the period.

6. Net interest receivable and similar income

	2006	2005
	£'000	£'000
Interest receivable on bank deposits	1,138	1,077
Interest payable on bank loans and overdrafts	(217)	(9)
	<u>921</u>	<u>1,068</u>

7. Exceptional charge – closure of operations

As previously reported, in March 2004 the company announced the closure of its PEP/ISA administration office in Farnham, Surrey. The costs incurred in the year to 31 March 2006 in respect of the closure amounted to £nil (2005: £1,000,000).

8. Taxation on profit on ordinary activities

	2006	2005
	£'000	£'000
(a) Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of the year at 30%	3,724	-
Deferred taxation:		
Origination and reversal of timing differences	739	375
Adjustment in respect of prior years	3	-
	<u>4,466</u>	<u>375</u>

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

8. Taxation on profit on ordinary activities (continued)

	2006 £'000	2005 £'000
(b) Factors affecting the charge for the year		
Profit on ordinary activities before tax	<u>14,026</u>	<u>7,793</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	4,208	2,338
Effects of:		
Utilisation of group relief from Investec plc	-	(2,023)
Accelerated capital allowances and short term timing differences	(739)	(375)
Other items allowable for tax	35	-
Permanent differences	99	60
Tax not provided at time of transfer of trade	121	-
Current tax charge for period (see (a) above)	<u>3,724</u>	<u>-</u>

9. Dividends

	2006 £'000	2005 £'000 Restated
Equity dividends on ordinary shares:		
Interim dividend for the year ended 31 March 2006 (2005: year ended 31 March 2005)	4,400	1,400
Final dividend for the year ended 31 March 2005 (2005: year ended 31 March 2004)	10,266	3,500
	<u>14,666</u>	<u>4,900</u>

In accordance with Financial Reporting Standard 21, dividends payable have been recognised during the period in which they are declared. This change in accounting policy has resulted in a prior year adjustment, as explained in note 19.

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

10. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2005	-
Transferred from parent undertaking	10,906
At 31 March 2006	<u>10,906</u>
Depreciation	
At 1 April 2005	-
Transferred from parent undertaking	3,245
Charge for the year	92
At 31 March 2006	<u>3,337</u>
Net book value	
At 31 March 2005	<u>-</u>
Net book value	
At 31 March 2006	<u>7,569</u>

11. Tangible fixed assets

	Computer hardware £'000	Computer software £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2005	1,884	1,530	540	3,954
Additions	479	687	64	1,230
Transferred from parent undertaking	2,962	-	1,338	4,300
Disposals	(1,554)	(1,257)	(379)	(3,190)
At 31 March 2006	<u>3,771</u>	<u>960</u>	<u>1,563</u>	<u>6,294</u>
Depreciation				
At 1 April 2005	1,671	1,316	455	3,442
Charge for the year	273	174	75	522
Transferred from parent undertaking	2,114	-	896	3,010
Disposals	(1,554)	(1,256)	(374)	(3,184)
At 31 March 2006	<u>2,504</u>	<u>234</u>	<u>1,052</u>	<u>3,790</u>
Net book value				
At 31 March 2005	<u>213</u>	<u>214</u>	<u>85</u>	<u>512</u>
Net book value				
At 31 March 2006	<u>1,267</u>	<u>726</u>	<u>511</u>	<u>2,504</u>

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

12. Investments

	2006	2005
	£'000	£'000
Investments in subsidiaries	57	53
Other unlisted investments	30	30
	<u>87</u>	<u>83</u>

The principal trading subsidiary companies at the year end were Mayflower Management Company Limited, a collective management company, and CFC Partners Limited, a provider of Venture Fund advice. Both companies are wholly-owned and are registered and operate in England and Wales.

13. Group reorganisation

The Rensburg Sheppards group undertook a reorganisation on 31 January 2006. As a result, the trade and certain assets and liabilities of Rensburg Investment Management Limited, a fellow subsidiary of Rensburg Sheppards plc, were transferred to the company on that date for a consideration of one ordinary share of £1. In accordance with Financial Reporting Standard 6 and the group reconstruction relief provisions of section 132 of the Companies Act 1985, the assets and liabilities transferred as a result of the reorganisation have been recognised by the company at their carrying value stated in the accounting records of Rensburg Investment Management Limited immediately prior to the reorganisation.

14. Debtors

	2006	2005
	£'000	£'000
Amounts due from clients, foreign exchange dealers and LSE member firms	144,051	52,478
Amounts owed by group undertakings	210	330
Other debtors	3,688	937
Deferred tax asset	1,908	2,280
Prepayments and accrued income	8,893	5,493
	<u>158,750</u>	<u>61,518</u>

**RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

14. Debtors (continued)

Analysis of deferred tax asset:

	2006	2005
	£'000	£'000
Tax written down value of fixed assets in excess of net book value	583	661
Other expenses not yet deductible for corporation tax	1,325	1,619
	<u>1,908</u>	<u>2,280</u>
At beginning of year	2,280	2,655
Debited to the profit and loss account	(742)	(375)
Transferred from parent undertaking	370	-
At end of year	<u>1,908</u>	<u>2,280</u>

15. Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
		Restated
Amounts due to clients, foreign exchange dealers and LSE member firms	894,971	466,750
Less monies held on behalf of clients	<u>(763,743)</u>	<u>(420,387)</u>
	131,228	46,363
Bank loans and overdrafts – unsecured	17	201
Corporation tax payable	2,341	-
Other tax and social security costs	6,000	1,834
Amounts owed to group undertakings	1,044	-
Other creditors	7,393	2,640
Accruals and deferred income	14,577	10,999
	<u>162,600</u>	<u>62,037</u>

RENSBURG SHEPPARDS INVESTMENT MANAGEMENT LIMITED
(FORMERLY CARR SHEPPARDS CROSTHWAITE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

16. Obligations under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Property		Motor Vehicles	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Expiring within one year	2	1,476	83	-
Expiring within two to five years inclusive	960	14	148	-
Expiring over five years	1,678	295	-	-
	<u>2,640</u>	<u>1,785</u>	<u>231</u>	<u>-</u>

17. Provisions for liabilities and charges

	Reorganisation costs	Closure provision	Lease rentals	Dilapidations	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2005	-	530	-	-	530
Charged to the profit and loss account	5,012	-	-	75	5,087
Transferred from parent undertaking	3,113	-	153	75	3,341
Utilised in the year	(1,328)	(465)	(5)	-	(1,798)
At 31 March 2006	<u>6,797</u>	<u>65</u>	<u>148</u>	<u>150</u>	<u>7,160</u>

The reorganisation cost provision relates to the integration of the activities of the company into the Rensburg Sheppards group. The amount charged to the profit and loss account of £5,012,000 and the balance of provision transferred from the company's parent undertaking of £3,113,000 represent those reorganisation costs that have been committed to during the period from the date the company was acquired by Rensburg Sheppards plc, being 6 May 2005, to 31 March 2006.

The closure provision relates to the closure of the company's Farnham based third party PEP and ISA administration business and the transfer of the remaining PEP and ISA administration to the company's London office, as previously disclosed. It is anticipated that the remaining provision of £65,000 will be utilised in the year ending 31 March 2007.

The lease rental provision relates to future rental payments in respect of unoccupied leasehold properties to the end of the lease term, up to 2013.

Property dilapidations represent potential costs of reinstatement of the company's leasehold premises upon expiry of property leases, up to 2017.

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18. Called up share capital

	2006 £'000	2005 £'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>

During the year, the company allotted one ordinary share of £1 to its parent company, Rensburg Sheppards plc, for a cash consideration of £1,000,000. In addition, one ordinary share of £1 was allotted to Rensburg Investment Management Limited as a result of a group reorganisation on 31 January 2006, as set out in note 13. The consideration for this share was the trade and certain assets and liabilities of Rensburg Investment Management Limited with a net book value immediately prior to their transfer to the company of £13,060,113. The transactions resulting from the group reorganisation, and the issue of the related share, have been recognised in accordance with the group reconstruction relief provisions of section 132 of the Companies Act 1985.

19. Reserves

	Share premium £'000	Profit & Loss £'000
At 1 April 2005 as previously reported	6	952
Prior year adjustment - dividends	<u>-</u>	<u>10,266</u>
At 1 April 2005 as restated	6	11,218
Profit for the financial year	-	9,560
Dividends	-	(14,666)
Issue of ordinary shares	14,060	-
At 31 March 2006	<u>14,066</u>	<u>6,112</u>

The prior year adjustment relates to the implementation of Financial Reporting Standard 21 for the first time during the year. FRS 21 requires that dividends payable are recognised during the period in which they are declared. Previously, dividends declared after the end of the period but prior to the financial statements being authorised for issue were recognised as a liability at the balance sheet date. The adoption of FRS 21 has resulted in a reduction in the retained profit for the year ended 31 March 2006 of £10,266,000. The effect on the year ended 31 March 2005 is to increase retained profit by £6,766,000.

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20. Reconciliation of shareholder's funds

	2006 £'000	2005 £'000 Restated
Profit for the financial year	9,560	7,418
Dividends	(14,666)	(4,900)
Proceeds from issue of ordinary share capital	14,060	-
Net increase to shareholders' funds	<u>8,954</u>	<u>2,518</u>
Opening shareholders' funds	21,679	19,161
Closing shareholders' funds	<u>30,633</u>	<u>21,679</u>

21. Contingent liabilities

The Company has contingent liabilities which cannot be quantified in respect of letters of indemnity, principally for certified stock transfers and share certificates, given in the ordinary course of business.

22. Contingent assets

During the years ended 31 March 2004 and 31 March 2005, the company reorganised its regional network and sold certain businesses. The agreements relating to the sale of these businesses contain clauses which entitle the company to share in their future income and profits. The amounts to be received cannot be determined with any certainty at present. However, the directors expect to receive amounts which will be credited to the profit and loss account as and when received.

23. Related party transactions

In the period 1 April 2005 to 5 May 2005, the company was a wholly-owned subsidiary of Investec plc. As such, under the terms of Financial Reporting Standard 8, the company is exempt from disclosing related party transactions with entities that are part of the Investec group or investees of the Investec group that took place throughout this period.

On 6 May 2005, the entire share capital of the company was acquired by Rensburg Sheppards plc. From this date, the company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Rensburg Sheppards group or investees of the Rensburg Sheppards group.

24. Ultimate parent undertaking

The company is a subsidiary of Rensburg Sheppards plc, the ultimate holding company, which is registered in England and Wales. Rensburg Sheppards plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rensburg Sheppards plc consolidated financial statements can be obtained from the Company Secretary at Quayside House, Canal Wharf, Leeds, LS11 5PU.