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**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 MARCH 2004**



**CARR SHEPPARDS CROSTHWAITE LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2004**

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2004.

**Registration**

The registered number of the company is 2122340.

**Principal activity**

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

**Results and dividends**

The results for the year are shown on page 7. An interim dividend of £2,500,000 was paid on 10 December 2003 and a special dividend of £7,500,000 was paid on 31 March 2004. The directors recommend the payment of a final dividend for the year under review of £3,500,000 (2003: £4,000,000).

**Review of business and future prospects**

The directors believe that the company is in a good position to take advantage of any opportunities that may arise in the future and aim to maintain the strategy which has resulted in the company's development in recent years.

**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. The company's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the company's operations. Employees participate directly in the success of the business through bonus and profit sharing schemes.

**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.

**Donations**

The company made charitable contributions during the year of £131,000 (2003: £8,000).

**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.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**Directors and their interests**

According to the register of directors' interests, no director holding office at 31 March 2004 had any beneficial interest in the shares of the company during the year.

Following the implementation of the Dual Listed Company structure of Investec Limited (a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange) and Investec plc, it is Group policy to award the directors and staff with share options in both Investec Limited and Investec plc. Consequently, options in both companies have been disclosed.

The directors of the company who held office during the year together with their beneficial interests in the shares, debentures and options were as follows: -

***Investec Limited and Investec plc Share Option plan 2002***

	Holdings in Investec plc share options				Holdings in Investec Ltd share options			
	At March 2003	Options granted	Options lapsed	At March 2004	At March 2003	Options granted	Options lapsed	At March 2004
Nick Bagshawe	13,510	-	(1,937)	11,573	5,681	-	(1,139)	4,542
Clive Brangwin	13,510	-	(1,937)	11,573	5,681	-	(1,139)	4,542
David Bulteel	8,879	-	-	8,879	2,961	-	-	2,961
Adam Burr	6,048	-	(1,386)	4,662	3,552	-	(814)	2,738
Steve Elliott	71,636	-	-	71,636	38,364	-	-	38,364
Alun Evans	6,048	-	(1,386)	4,662	3,552	-	(814)	2,738
Hugh Herman <sup>(1)</sup>	-	-	-	-	-	-	-	-
Chris Hills	13,510	-	(1,937)	11,573	5,681	-	(1,139)	4,542
Bernard Kantor <sup>(1)</sup>	-	-	-	-	-	-	-	-
Stephen Koseff <sup>(1)</sup>	-	-	-	-	-	-	-	-
Robert Leach	13,510	-	(1,937)	11,573	5,681	-	(1,139)	4,542
Ian Maxwell Scott	15,008	-	(2,175)	12,833	6,532	-	(1,275)	5,257
Grant Nowell-Mitchell	4,001	-	(992)	3,009	2,350	-	(584)	1,766
Mark Redmayne	13,510	-	(1,937)	11,573	5,681	-	(1,139)	4,542
Tony Richards	5,261	-	(992)	4,269	3,090	-	(584)	2,506
Alan Tapnack <sup>(1)</sup>	-	-	-	-	-	-	-	-
Fred Carr <sup>(2)</sup>	25,589	-	(2,175)	23,414	12,511	-	(1,278)	11,233
John Yeldham <sup>(3)</sup>	-	-	-	-	-	-	-	-

The above options are exercisable at prices ranging from £7.93 to £21.08 and are exercisable between 2004 and 2012. No options were granted during the year. Options granted with effect from 20 December 2002 have performance conditions attached to them, which require growth in headline earnings per share over the relevant option period to equal or exceed the UK RPI plus 3%, compounded annually over the period the options are in force.

- (1) At 31 March 2004, Messrs. Hugh Herman, Bernard Kantor, Stephen Koseff, and Alan Tapnack were also directors of Investec plc and their interests in the shares of the ultimate parent company are accordingly disclosed in the financial statements of that company.
- (2) Fred Carr resigned after the year end on 13 May 2004.
- (3) John Yeldham resigned on 29 February 2004.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**Directors and their interests (continued)**

*Interests in the ordinary share capital of Investec plc and Investec Limited as at 31 March 2004*

	Investec plc shares	Investec Limited shares	Investec plc call options sold
Steve Elliott	-	50,000	22,501

Steve Elliott disposed of 3,611 Investec plc shares and 3,882 Investec Limited shares during the year. The Investec plc call options sold are exercisable at prices of £7.93 and £10.52 at dates up to 2007.

*Directors' interest in the Investec Limited security purchase and option scheme trust as at 31 March 2004*

	Investec plc shares		Investec Limited shares	
	At March 2003	At March 2004	At March 2003	At March 2004
Steve Elliott	20,358	-	11,959	-

The shares are held in terms of the Investec Limited share purchase scheme, for which the directors have a liability for any related scheme debt. During the year, Steve Elliott exercised his share entitlement by settling his related scheme debt and selling the related shares.

*Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II*

	Entitlement to Investec plc shares		Entitlement to Investec Limited shares	
	At March 2003	At March 2004	At March 2003	At March 2004
Steve Elliott <sup>(1)</sup>	29,902	22,427	17,562	13,171
Chris Hills <sup>(2)</sup>	1,116	1,116	656	656

The above entitlement to shares are exercisable between April 2004 and July 2008.

- (1) Steve Elliott disposed of his entitlement to 7,475 Investec plc shares and 4,391 Investec Limited shares during the year.
- (2) The entitlements in terms of the Fintique II Scheme are fully vested and the related shares can be taken up at a price of R77.63 per share, based on the valuation of the scheme as at 31 March 2004. The directors are at risk for any shortfall on maturity of the scheme.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**Directors and their interests (continued)**

*Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique III*

	Future entitlement to Investec plc shares		Future entitlement to Investec Limited shares	
	At March 2003	At March 2004	At March 2003	At March 2004
Clive Brangwin	583	731	342	194
Adam Burr	291	365	171	97
Fred Carr	583	731	342	194
Steve Elliott	54,391	69,248	31,944	17,087
Chris Hills	1,457	1,826	855	486
Robert Leach	1,457	1,826	855	486
Grant Nowell-Mitchell	2,913	3,653	1,711	971
Tony Richards	2,913	3,653	1,711	971

The directors, together with other employees of the Group that are beneficiaries of the Fintique III scheme have an interest in call options in respect of 1,260,000 Investec plc ordinary shares and 740,000 Investec Limited ordinary shares at a strike price of R170 per share.

In terms of the scheme structure, 70% of the share entitlements are free or vested with a further 30% becoming vested on 15 December 2004. The share entitlement disclosed above represents gross entitlements, which amount to share entitlements of approximately 88% per unit held. Due to the leveraged nature of the scheme, the director's entitlements to shares will reduce to 72.83% per unit on maturity of the scheme. The mix of Investec plc and Investec Limited shares are indicative and while the total net entitlement will remain the same, the combination of Investec shares receivable may vary on maturity.

**Auditors**

Ernst & Young LLP will remain as Auditors of the Company in accordance with the provisions of Section 386 of the Companies Act.

On behalf of the board



S Elliott  
 Director  
 29 June 2004

# **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; 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 and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARR SHEPPARDS CROSTHWAITE LIMITED**

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholder's Funds and the related notes 1 to 23. These financial statements have been prepared on the basis of 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 auditors' 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the *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 with the company is not disclosed.*

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

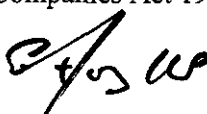
### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London  
29 June 2004

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £'000	2003 £'000
Turnover	2	42,318	37,220
Staff costs	3	(27,885)	(25,356)
Other operating costs		(13,144)	(12,520)
Operating profit/(loss)	5	<u>1,289</u>	<u>(656)</u>
Interest receivable and similar income	6	14,641	15,680
Interest payable and similar charges	7	(9,932)	(10,877)
Profit on ordinary activities before taxation		<u>5,998</u>	<u>4,147</u>
Taxation	8	(440)	(156)
Profit for the financial year		<u>5,558</u>	<u>3,991</u>
Dividends on equity shares		(13,500)	(4,000)
Retained loss for the year		<u>(7,942)</u>	<u>(9)</u>

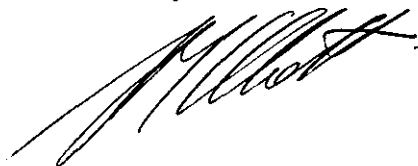
There have been no recognised gains or losses in the year under review or in the prior year other than as stated in the profit and loss account.



**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2004**

	Notes	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	693	1,076
Investments	10	83	96
		<u>776</u>	<u>1,172</u>
<b>CURRENT ASSETS</b>			
Investments	11	-	334
Debtors	12	90,956	66,786
Cash at bank and in hand	13	445,225	454,546
		<u>536,181</u>	<u>521,666</u>
<b>CREDITORS: amounts falling due within one year</b>	14	520,896	499,235
<b>NET CURRENT ASSETS</b>		<u>15,285</u>	<u>22,431</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	400	-
Total assets less current liabilities		<u>15,661</u>	<u>23,603</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	16	10,455	10,455
Share premium account	17	6	6
Profit and loss account	18	5,200	13,142
Total shareholder's funds	19	<u>15,661</u>	<u>23,603</u>

These financial statements, on pages 7 to 17, were approved by the board on 29 June 2004 and signed on its behalf by:



S Elliott  
Director

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**1. Principle 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 plc, 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 plc.

**(d) Turnover**

Turnover comprise 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) Investments**

Fixed and current asset investments are held at the lower of cost and market value.

**(g) Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences 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. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

**(h) Clients' money**

Cash balances held on behalf of clients are included in cash at bank and in hand. The related creditor is included in Creditors: amounts falling due within one year.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**1. Principle accounting policies (continued)**

**(i) Pensions**

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

**(j) 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.

**2. Turnover**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Net investment management and stockbroking commissions	26,383	22,759
Other fees and commissions	15,935	14,461
	<u>42,318</u>	<u>37,220</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: -

	<b>2004</b>	<b>2003</b>
	<b>No.</b>	<b>No.</b>
Investment management, research and dealing	169	190
Administration	188	213
	<u>357</u>	<u>403</u>

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

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	23,233	21,069
Social security costs	2,836	2,375
Other pension costs	1,816	1,912
	<u>27,885</u>	<u>25,356</u>

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**4. Directors' emoluments**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Highest paid director:		
Emoluments	391	456
Pension contributions	15	15
Directors including highest paid director:		
Emoluments	3,473	3,119
Pension contributions	217	229

At the year end there were 13 directors (2003: 14) to whom retirement benefits were accruing under defined contribution schemes.

**5. Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Audit services	81	83
Other services	33	16
Loss on disposal of tangible fixed assets	-	105
Depreciation of tangible fixed assets	767	1,114

**6. Interest receivable and similar income**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	<u>14,641</u>	<u>15,680</u>

**7. Interest payable and similar charges**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	10	26
Other interest payable	9,922	10,851
	<u>9,932</u>	<u>10,877</u>

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**8. Taxation on ordinary activities**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Current tax:		
UK corporation tax on profits of the year	-	-
Deferred taxation:		
Origination and reversal of timing differences	440	156
	<u>440</u>	<u>156</u>
<b>(b) Factors affecting the charge for the year</b>		
Profit on ordinary activities before tax	<u>5,998</u>	<u>4,147</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	1,799	1,244
Effects of:		
Utilisation of group tax losses	(1,898)	(1,154)
Capital allowances for period in excess of depreciation charge	(100)	373
Short term timing differences	119	(529)
Permanent differences	80	66
Current tax charge for period (see (a) above)	<u>-</u>	<u>-</u>

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**9. Tangible fixed assets**

	<b>Leasehold improvements £'000</b>	<b>Computer Software £'000</b>	<b>Equipment and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2003	254	1,918	3,103	5,275
Additions	4	150	230	384
Disposals	-	-	-	-
At 31 March 2004	<u>258</u>	<u>2,068</u>	<u>3,333</u>	<u>5,659</u>
<b>Depreciation</b>				
At 1 April 2003	201	1,530	2,468	4,199
Charge for the year	24	332	411	767
Disposals	-	-	-	-
At 31 March 2004	<u>225</u>	<u>1,862</u>	<u>2,879</u>	<u>4,966</u>
<b>Net book value</b>				
At 31 March 2003	<u>53</u>	<u>388</u>	<u>635</u>	<u>1,076</u>
<b>Net book value</b>				
At 31 March 2004	<u>33</u>	<u>206</u>	<u>454</u>	<u>693</u>

**10. Fixed asset investments**

	<b>Investments in subsidiaries £'000</b>	<b>Other unlisted investments £'000</b>	<b>Total £'000</b>
At 1 April 2003	66	30	96
Disposals	(13)	-	(13)
At 31 March 2004	<u>53</u>	<u>30</u>	<u>83</u>

The principal subsidiary at the year end was Mayflower Management Company Limited, a collective management company. This company is wholly owned, unlisted and incorporated in England.

On 3 October 2003, the company sold its 100% holding in Carr Sheppards Crosthwaite Insurance Brokers Limited.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 200**

**11. Current asset investments**

	£'000
At 1 April 2003	334
Disposals	(334)
At 31 March 2004	<u>-</u>

**12. Debtors**

	2004 £'000	2003 £'000
Amounts due from clients, foreign exchange dealers and LSE member firms	81,819	57,031
Amounts owed by group undertakings	455	410
Other debtors	1,125	1,435
Deferred tax asset	2,655	3,095
Prepayments and accrued income	4,902	4,815
	<u>90,956</u>	<u>66,786</u>

**Analysis of deferred tax asset:**

Tax written down value of fixed assets in excess of net book value	797	1,313
Other expenses not yet deductible for corporation tax	1,858	1,782
	<u>2,655</u>	<u>3,095</u>
At 1 April 2003	3,095	3,251
Deferred tax charge in profit and loss account (note 8)	(440)	(156)
At 31 March 2004	<u>2,655</u>	<u>3,095</u>

The deferred tax asset is recognised since the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted.

**13. Cash at bank and in hand**

Cash at bank and in hand includes £426,109,000 (2003: £428,189,000) of clients' money.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**14. Creditors: amounts falling due within one year**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts – unsecured	1,238	4,185
Amounts due to clients, foreign exchange dealers and LSE member firms	501,547	477,418
Amounts owed to group undertakings	3,500	4,520
Taxation and social security costs	2,384	2,821
Other creditors	2,935	2,240
Accruals and deferred income	9,292	8,051
	<u>520,896</u>	<u>499,235</u>

**15. Provisions for liabilities and charges**

	<b>£'000</b>
At 1 April 2003	-
Provision for restructuring	400
At 31 March 2004	<u>400</u>

Following a review in March 2004, it was decided to close the company's Farnham based third party PEP and ISA administration business and transfer the remaining PEP and ISA administration to the company's London office. A restructuring provision of £400,000 has been established to complete this reorganisation.

**16. Called up share capital**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
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>

**17. Share premium account**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
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 2004**

**18. Profit and loss account**

	£'000
At 1 April 2003	13,142
Profit for the financial year	5,558
Dividends	(13,500)
At 31 March 2004	<u>5,200</u>

**19. Reconciliation of shareholder's funds**

	2004 £'000	2003 £'000
Profit for the financial year	5,558	3,991
Dividends	(13,500)	(4,000)
Net reduction to shareholder's funds	<u>(7,942)</u>	<u>(9)</u>
Opening shareholder's funds	23,603	23,612
Closing shareholder's funds	<u>15,661</u>	<u>23,603</u>

**20. Contingent liabilities**

Following falls in the value of assets in the split capital investment trust sector, the Company, in common with other firms in the industry, has received a number of complaints. Each complaint has been investigated in accordance with the Company's complaints procedures and within the guidelines set by the applicable regulatory authority. The directors believe that no provision in respect of these complaints is required in the accounts for the year ended 31 March 2004.

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

**21. Contingent assets**

During the year, the company reorganised its regional office 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.

**CARR SHEPPARDS CROSTHWAITE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**22. Related party transactions**

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

**23. Ultimate parent undertaking**

The company's immediate parent undertaking is Carr Sheppards Crosthwaite Holdings Limited, a company for which no group financial statements are prepared.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc are available to the public and may be obtained from Investec at 2 Gresham Street, London, EC2V 7QP.