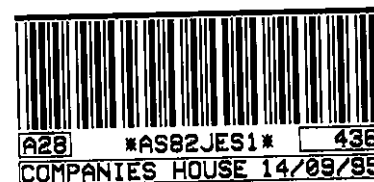


YorkSHARE LIMITED

Registered No: 2139872

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



YorkSHARE LIMITED

31 DECEMBER 1994

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YorkSHARE LIMITED

Directors

D F Roberts, FCII, FCIB, CIMgt (Chairman)
D Anderson, MA (Oxon)
J Atkinson, FCA
I R Hepworth, BA (Econ), FCA, FIM
R B Jackson, BA, MBA, FCIB
T A Smith, FCA

Secretary

I R Hepworth, BA (Econ), FCA, FIM

Registered Office

Yorkshire House
Yorkshire Drive
Bradford
BD5 8LJ

Bankers

National Westminster Bank Plc
P O Box 90
1 Market Street
Bradford
BD1 1EQ

Auditors

KPMG
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

YORKSHARE LIMITED
REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements for the year ended 31 December 1994.

Principal Activity and Review of the Year

The company commenced trading as a low cost execution-only stockbroker on 14 February 1994. The company has gained a significant market share during the year in a very competitive market with historically low levels of turnover.

Result for the Year

The loss for the year amounted to £446,936 (1993 £Nil). This has been transferred from reserves.

Directors and Directors' Shareholdings

The directors of the company during the year were as follows:

D F Roberts (Chairman)
D Anderson
J Atkinson
I R Hepworth
R B Jackson
T A Smith

No directors had an interest in the shares in the company.

Auditors

On 6 February 1995 the auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985 the re-appointment of KPMG as auditors of the company is to be proposed at the Annual General Meeting.

By order of the Board

I R Hepworth

I R HEPWORTH

Secretary

13 February 1995

YORKSHARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

REPORT OF THE AUDITORS, KPMG, TO THE
MEMBERS OF YORKSHARE LIMITED

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

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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.

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 as at 31 December 1994, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants
Registered Auditors
Leeds

13 February 1995

YorkSHARE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	1994 £	1993 £
Turnover	2	742,713	-
Operating costs	3	(1,204,693)	-
Operating loss for the year		(461,980)	-
Interest receivable		45,044	-
Loss on ordinary activities before tax		(416,936)	-
Taxation	6	(30,000)	-
Loss for the financial year	15	£(446,936) =====	£ - =====

The above results are derived from continuing operations of the business.

The company did not trade in 1993.

There have been no recognised gains or losses other than as disclosed above.

The notes on pages 8 to 14 form part of these financial statements.

YorkSHARE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1994

			<u>1994</u>	<u>1993</u>
	<u>Notes</u>	£	£	£
FIXED ASSETS				
Tangible assets	7		405,644	-
Intangible assets	8		47,500	-
Investment in subsidiaries	9		1	-
CURRENT ASSETS				
Debtors and prepayments	10	5,189,263	-	-
Cash at bank and in hand	11	<u>290,221</u>	<u>1,101,719</u>	-
		5,479,484	1,101,719	-
CREDITORS (amounts falling due within one year)	12	<u>(5,047,846)</u>	<u>-</u>	-
NET CURRENT ASSETS			431,638	1,101,719
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>884,783</u>	<u>1,101,719</u>
PROVISION FOR LIABILITIES AND CHARGES	13		(30,000)	-
NET ASSETS			<u>£854,783</u>	<u>£1,101,719</u>
CAPITAL AND RESERVES				
Called up share capital	14		1,200,000	1,000,000
Profit and loss account			(345,217)	101,719
			<u>£854,783</u>	<u>£1,101,719</u>

Cash at bank and in hand includes Client Settlement Monies as indicated in Note 11.

These Financial Statements were approved by the Board on 13 February 1995.

D F Roberts  Chairman

I R Hepworth  Director

The notes on pages 8 to 14 form part of these financial statements.

YORKSHARE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	<u>£</u>	<u>1994</u>	<u>£</u>	<u>£</u>	<u>1993</u>	<u>£</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19			(532,242)			-
RETURNS ON INVESTMENT AND SERVICING OF FINANCE							
Interest received				45,044			-
INVESTING ACTIVITIES							
Purchase of tangible fixed assets			(473,450)		-		
Investment in subsidiaries			(1)		-		
Purchase of intangible fixed assets			(58,163)		-		
Receipts from the sale of tangible fixed assets			<u>7,314</u>		<u>-</u>		
NET CASH OUTFLOW FROM INVESTING ACTIVITIES				(524,300)			-
NET CASH OUTFLOW BEFORE FINANCING				(1,011,498)			-
FINANCING							
Issue of share capital	14			<u>200,000</u>			
(Decrease) in cash and cash equivalents	20			<u>£(811,498)</u>		<u>£</u>	<u>-</u>

The notes on pages 8 to 14 form part of these financial statements.

YorkSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The company has adopted the following accounting policies:

a) Basis of accounting

The Financial Statements have been prepared in accordance with the historical cost convention and applicable accounting standards.

b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at purchase price, less depreciation.

Depreciation of tangible fixed assets is provided on a straight line basis at the following rates:

Equipment, fixtures and fittings	20%
Motor vehicles	25%

c) Intangible fixed assets and amortisation

Intangible fixed assets represent development expenses incurred prior to the commencement of trading. These are being amortised on a straight line basis over five years.

d) Pension costs

The company participates in the group's defined benefit pension scheme, which is externally managed. This is funded by contributions from the group and its staff.

e) Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallize in the foreseeable future.

f) Operating leases

The company recognises operating lease rental premia as soon as such premia become payable.

2. Turnover

Turnover comprises stockbroking commission and application fees.

YORKSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Operating Costs

Operating costs include the following:

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Auditors' remuneration		
- audit	8,500	-
- tax	700	-
- reporting to SFA	4,425	-
	=====	=====
Loss on sale of fixed assets	4,372	-
	=====	=====
Depreciation of tangible fixed assets	56,120	-
Amortisation of intangible fixed assets	10,663	-
	=====	=====
Operating lease rentals (see note 16)	14,398	-
	=====	=====

4. Directors' Emoluments

The emoluments of the directors including pension contributions are as follows:

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
As Director	3,000	-
For Management	73,080	-
	76,080	-
	=====	=====

The emoluments are analysed as follows:

	<u>1994</u>	<u>1993</u>
	<u>Nil</u>	<u>Nil</u>
Chairman	Nil	Nil
	=====	=====
Highest paid director	73,080	Nil
	=====	=====

The number of directors whose emoluments, excluding pension contributions, fell within the following ranges are:

	<u>1994</u>	<u>1993</u>
	<u>5</u>	<u>-</u>
£ 0 - £ 5,000	5	-
£65,000 - £70,000	1	-

5. Employees

The average number of persons employed by the company (including directors) during the year is analysed below:-

	<u>1994</u>		<u>1993</u>	
	<u>Full-time</u>	<u>Part-time</u>	<u>Full-time</u>	<u>Part-time</u>
Administrative	27	-	-	-
	==	==	==	==

(Cont'd)

YorkSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Employees (Cont'd)

The aggregate costs of all employees (including directors) are as follows:

	<u>1994</u> £	<u>1993</u> £
Salaries and wages	320,187	-
Social security costs	26,863	-
Other pension costs	<u>30,395</u>	<u> </u>
	377,445	-
	=====	=====

6. Taxation

	<u>1994</u> £	<u>1993</u> £
Provision for deferred taxation	30,000	-
	=====	=====

The company surrenders tax losses to its parent undertaking for the purpose of group relief. No consideration is receivable.

7. Tangible Fixed Assets

	Equipment, fixtures & fittings £	Motor vehicles £	Total £
Cost:			
At 1 January 1994	Nil	Nil	Nil
Additions	442,652	30,798	473,450
Disposals	<u>-</u>	<u>(13,355)</u>	<u>(13,355)</u>
At 31 December 1994	442,652	17,443	460,095
Depreciation:			
At 1 January 1994	Nil	Nil	Nil
Charge for the year	51,184	4,936	56,120
Disposals	<u>-</u>	<u>(1,669)</u>	<u>(1,669)</u>
At 31 December 1994	51,184	3,267	54,451
	=====	=====	=====
Net Book Value			
At 31 December 1994	391,468	14,176	405,644
	=====	=====	=====
At 31 December 1993	-	-	-
	=====	=====	=====

YorkSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Intangible Fixed Assets

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Additions	58,163	-
Amortisations: charge for the year	<u>(10,663)</u>	<u>-</u>
At 31 December 1994	47,500 =====	- =====

In the opinion of the directors, this development expenditure was necessarily incurred in transforming the purpose of the company from that of a Financial Services operation to a Stockbroking business. This expenditure, it is felt, will successfully underpin this business for at least six years from the date it was incurred.

9. Investments in Subsidiaries

The company has one subsidiary undertaking, Yorkshare Nominees Limited, which is registered in England and Wales. The company holds 100% of the nominal value of the £1 ordinary shares of Yorkshare Nominees Limited. The subsidiary acts as a nominee for shareholdings of customers of YorkSHARE Limited. It has remained dormant all year.

10. Debtors

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Amounts falling due within one year:		
Market debtors	2,881,083	-
Customer debtors	2,249,688	-
Prepayments and accrued income	<u>58,492</u>	<u>-</u>
	5,189,263 =====	- =====

11. Cash at bank and in hand

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Company balances	409,520	1,101,719
Client settlement balances	<u>(119,299)</u>	<u>-</u>
	290,221 =====	1,101,719 =====

The company balances contain deposits held at Yorkshire Building Society amounting to £Nil (1993: £1,101,719).

YorkSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. <u>Creditors</u> (amounts falling due within one year)	<u>1994</u> £	<u>1993</u> £
Market creditors	2,210,827	-
Customer creditors	2,744,781	-
Accruals and deferred income	70,352	-
Taxation and social security	21,886	-
	<u>5,047,846</u>	<u>-</u>

13. <u>Provision for Liabilities and Charges</u>	<u>1994</u> £	<u>1993</u> £
Deferred taxation:		
Amount provided (see note 6)	30,000	-
	<u>-</u>	<u>-</u>
Amount unprovided	<u>-</u>	<u>-</u>

14. <u>Called Up Share Capital</u>	<u>1994</u> £	<u>1993</u> £
Authorised:		
Ordinary shares of £1 each	1,200,000	1,000,000
	<u>1,200,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	1,200,000	1,000,000
	<u>1,200,000</u>	<u>1,000,000</u>

The share capital of the company was increased during the year as a means of ensuring that the company remained within the financial resources requirements of the Securities and Futures Authority. The new shares are of the same class as and rank pari passu with the existing shares. The net proceeds from the issue amounted to £200,000. The company incurred no costs associated with the issue.

15. <u>Reconciliation of Movements in Shareholders' Funds</u>	<u>1994</u> £	<u>1993</u> £
Increase in called up share capital (Note 12)	200,000	-
Movement on Reserves:		
At 1 January 1994	101,719	101,719
Loss for the financial year	(446,936)	-
At 31 December 1994	<u>(345,217)</u>	<u>101,719</u>
	<u>(145,217)</u>	<u>101,719</u>

YORKSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Capital and Lease Commitments

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Contracted but not provided for	4,000	-
	=====	=====
Authorised but not contracted for	22,000	-
	=====	=====

These amounts include input Value Added Tax which the company is not able to recover.

The company leases certain items of equipment under operating leases. The minimum annual rental under these leases which the company is committed to making in the coming year is as follows:

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Operating leases which expire:		
- within one year	-	-
- in 1 to 5 years	-	-
- after more than 5 years	17,704	-
	17,704	-
	=====	=====

17. Pensions

The company participates in the Yorkshire Building Society Scheme, a defined benefit pension scheme which is externally managed. This is funded by contributions from the group and its staff. Total contributions are made based on the advice of a qualified actuary. The latest actuarial assessment was at 1 January 1993. The pension charge for the year was £30,395 (1993 £Nil). This takes account of excess funding which has been spread over the average expected future working lives of scheme members.

Further details of this valuation and the main actuarial assumptions are shown in the Financial Statements of Yorkshire Building Society.

18. Parent Undertaking

The company is a wholly-owned subsidiary of Yorkshire Building Society which is registered in England. It is exempt from publishing group accounts and delivering them to the Registrar of Companies by virtue of Section 228 of the Companies Act 1985.

Copies of the group accounts can be obtained from the Yorkshire Building Society.

YORKSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Reconciliation of operating profit to net cashflow from operating activities

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Operating (loss)	(461,980)	-
Depreciation charge	56,120	-
Amortisation	10,663	-
Loss on disposal of fixed assets	4,372	-
(Increase) in debtors	(5,189,263)	-
Increase in creditors	5,047,846	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(532,242)</u> <u>=====</u>	<u>-</u> <u>=====</u>

20. Analysis of changes in cash and cash equivalents

	£
Balance at 1 January 1994	
- Deposit with Yorkshire Building Society	1,101,719
Cash outflow	<u>(811,498)</u>
Balance at 31 December 1994	
- Cash at bank	<u>290,221</u> <u>=====</u>

21. Contingencies

The company has granted a first charge over securities registered in Talisman to the London Stock Exchange.