

Company Number 02144551



BWD Rensburg Limited

Report and Financial Statements

30 November 1998



REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report with the financial statements for the year to 30 November 1998.

The company's principal activities are Stockbroking and the provision of Investment Management Services to private and corporate clients.

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 affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) 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.

RESULTS AND DIVIDENDS

The profit after taxation amounted to £3,098,134. Interim dividends of £2,400,000 were paid during the year. The directors recommend the payment of a final dividend of £760,000.

REPORT OF THE DIRECTORS (CONTINUED)

CASH FLOW STATEMENT

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

DIRECTORS AND THEIR INTERESTS

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

Interest in 10p Ordinary Shares of BWD Securities PLC		
	At 30 November 1998	At 1 December 1997 or Date of Appointment
C. Addenbrooke	3,883	Nil
R. A. Allen	6,196	500
B. A. Anysz	See below	See below
I. W. Bakewell	Nil	11,000
G.K. Barber (Appointed 15.12.97)	Nil	Nil
G. B. Barlow	51,801	43,676
S. J. Brown	Nil	Nil
M. H. Burns	See below	See below
M.J.P. Cooke	202,500	235,000
S.P.H. Cookson	30,000	50,000
J. H. Craven	5,337	Nil
M.J. Dickinson	See below	See below
J.G.T. Dyson	8,271	1,481
J.R.J.Greenhalgh	110,783	120,783
M.M. Grime	200,000	256,000
J.L. Hagan	90,000	90,000
M.N. Hall	Nil	Nil
N.C.W. Hilton	Nil	Nil
S.N. Holden	4,000	Nil
J. F. Johnston	5,696	Nil
S.G. Kaye	25,223	100
T. Kerrigan	Nil	Nil
N.S. Lanceley	20,000	20,000
S.J.D. Light	Nil	Nil
D.J. Neal	Nil	Nil
I. C. MacDonald	Nil	Nil
P. Mahony	Nil	Nil
N.P.R. Marsh	Nil	Nil

REPORT OF THE DIRECTORS (CONTINUED)

R.C. Mather		Nil	111,897
D.G.C. McDonnell		Nil	Nil
C. Morton		Nil	Nil
J.J. Mulligan		102,580	90,200
D.A.R. Owen		2,671	Nil
C.M. Pope		29,500	47,500
J.C. Quick		15,905	14,255
J.R. Rider		200	3,000
J.D. Seal		21,223	Nil
S.W.F. Sharp		5,000	Nil
R.J. Shaw		Nil	Nil
N. J. Sheridan	(Appointed 1.9.98)	Nil	Nil
D.H. Sherlock		30,000	44,885
T.H. Street		1,385	2,000
D.A. Thomas		Nil	1,000
S.J. Trowbridge		16,552	1,481
G. Tym		28,000	32,000
E. A. Warren		52,824	50,354
N.C. Williams		See below	See below
A.C.M. Winter	(Appointed 5.7.98)	Nil	Nil
J.P. Wragg		5,000	6,000

B.A. Anysz, M.H. Burns, M.J. Dickinson and N.C. Williams are directors and shareholders of BWD Securities PLC and their interests are disclosed in the report of that company.

M.J. Dickinson holds 1 ordinary share jointly with BWD Securities PLC in a non-beneficial capacity.

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

P. Burton	Resigned 30.11.98
A.H. Goodchild	Resigned 07.05.98
D. Stitcher	Resigned 02.10.98

T.C.J. Wood was appointed a director on 18.6.98 and resigned as a director on 16.7.98.

J.A. Langenegger died 12.2.98.

S.J. Brown, S.P.H. Cookson, J.H. Craven, M.J. Dickinson, M.N. Hall, S.N. Holden, J.F. Johnston, T. Kerrigan, S.J.D. Light, D.G.C. McDonnell, D.A.R. Owen, J.C. Quick, J.R. Rider, J.D. Seal and R.J. Shaw retire by rotation and, being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS (CONTINUED)

G.K. Barber, N.J. Sheridan and A.C.M. Winter were appointed as directors during the year. As newly appointed directors, they retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YEAR 2000

The company is addressing millenium compliance for all its financial and operating systems. We expect this to be achieved well in advance of the year 2000, in line with a detailed programme established to deal with this issue. The cost of this detailed programme has been broadly quantified and all material year 2000 issues will be met by the company's normal capital expenditure.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



**Per Pro
Battye, Wimpenny & Dawson Ltd
Secretary**

Quayside House,
Canal Wharf,
Leeds.
LS11 5PU

9 February 1999

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1998**

	Note	1998 £	1997 £
Turnover	1	18,676,319	15,890,552
Administrative Expenses		<u>(15,009,464)</u>	<u>(13,861,777)</u>
Operating profit	2	3,666,855	2,028,775
Other interest receivable and similar income	4	957,492	737,612
Other income		131,250	95,625
Profit on ordinary activities before taxation		<u>4,755,597</u>	<u>2,862,012</u>
Tax on profit on ordinary activities	5	<u>(1,657,463)</u>	<u>(887,308)</u>
Profit on ordinary activities after taxation		3,098,134	1,974,704
Dividends		<u>(3,160,000)</u>	<u>(1,692,000)</u>
(Deficit)/profit for the year		(61,866)	282,704
Retained profit brought forward		<u>2,368,440</u>	<u>2,085,736</u>
Retained profit carried forward		<u>2,306,574</u>	<u>2,368,440</u>

There are no recognised gains or losses during the current or previous period other than the profit for the year.

A statement of movements in shareholders' funds is given in note 14. The notes on pages 7 to 14 form part of these financial statements.

BWD RENSBURG LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 1998

	Note	£	1998	£	£	1997	£
FIXED ASSETS							
Tangible assets	6			506,073			452,274
Investments	7			41,550			41,666
				<u>547,623</u>			<u>493,940</u>
CURRENT ASSETS							
Debtors	8	19,143,291			12,751,532		
Cash at bank and in hand		<u>9,169,789</u>			<u>8,605,233</u>		
		28,313,080			21,356,765		
CREDITORS:							
Amounts falling due within one year	9	<u>24,129,189</u>			<u>16,977,295</u>		
NET CURRENT ASSETS				4,183,891			4,379,470
TOTAL ASSETS LESS CURRENT LIABILITIES				4,731,514			4,873,410
CREDITORS:							
Amounts falling due after more than one year:							
Loan	11			1,810,000			1,810,000
Provisions	12			222,940			302,970
				<u>2,698,574</u>			<u>2,760,440</u>
CAPITAL AND RESERVES							
Called up share capital	13			392,000			392,000
Profit and loss account				<u>2,306,574</u>			<u>2,368,440</u>
SHAREHOLDERS' FUNDS				<u>2,698,574</u>			<u>2,760,440</u>

The financial statements were approved by the Board on 9 February 1999 and signed on its behalf by:

M. J. DICKINSON

Director



9 February 1999

The notes on pages 7 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following is a summary of the principal accounting policies:

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Accounting period

The financial statements reflect dealing, settlement and cash transactions up to the close of business on the 27 November 1998. The financial year comprises 52 weeks.

(c) 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 life as follows:

Computer equipment	25%
Fixtures and fittings	25%

(d) Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(e) Turnover

Turnover comprises commissions and fees and is stated net of commissions payable to agents and Value Added Tax.

(f) Consolidation

In accordance with the exemption granted under Section 229(2) of the Companies Act 1985 consolidated accounts have not been prepared.

(g) Pensions

Contributions to occupational pension schemes are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. OPERATING PROFIT

	1998	1997
	£	£
Arrived at after charging:		
Auditors' remuneration – As auditors	39,000	40,000
Auditors' remuneration – other	3,587	5,828
Depreciation	226,620	362,575
Property Rents	488,310	569,413

3. STAFF COSTS

	1998	1997
	£	£
Wages and salaries	7,450,469	6,615,529
Social security costs	696,847	622,233
Pension contributions	280,000	254,816
	<u>8,427,316</u>	<u>7,492,578</u>

Directors' emoluments (excluding pension contributions) were £3,916,772 in the year (1997 - £3,406,240).

The emoluments of the highest paid director were £194,658 (1997 - £134,671) and company pension contributions of £8,250 (1997 - £7,458) were made to a money purchase scheme on his behalf.

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Group companies in an independently administered fund. The pension contributions charge represents contributions payable by this company to the Group. There were no amounts payable to the fund at the end of the financial year.

Company contributions to money purchase pension schemes in respect of the directors were £147,651 in the year (1997 - £111,919).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1998	1997
The average number of employees during the year was made up as follows:	No.	No.
Stockbroking and Investment Management	82	76
Administration	153	144
	<u>235</u>	<u>220</u>

4. INTEREST RECEIVABLE

	1998 £	1997 £
Bank interest	<u>957,492</u>	<u>737,612</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax based on the profit for the year at 31% (1997 – 31.67%)	1,512,693	964,639
Under/(over) provision in previous years	<u>144,770</u>	<u>(77,331)</u>
	<u>1,657,463</u>	<u>887,308</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Computer Equipment £	Total £
Cost:			
At 1 December 1997	510,248	1,392,815	1,903,063
Additions	82,911	209,152	292,063
Disposals	(46,482)	(366,834)	(413,316)
At 30 November 1998	<u>546,677</u>	<u>1,235,133</u>	<u>1,781,810</u>
Depreciation:			
At 1 December, 1997	382,125	1,068,664	1,450,789
Charge for the year	57,161	169,459	226,620
Disposals	(46,482)	(355,190)	(401,672)
At 30 November 1998	<u>392,804</u>	<u>882,933</u>	<u>1,275,737</u>
Net book value:			
At 30 November 1998	<u>153,873</u>	<u>352,200</u>	<u>506,073</u>
At 30 November 1997	<u>128,123</u>	<u>324,151</u>	<u>452,274</u>

7. INVESTMENTS

	1998 £	1997 £
Shares in group companies at valuation	4,203	4,203
Unlisted shares	<u>37,347</u>	<u>37,463</u>
	<u>41,550</u>	<u>41,666</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the subsidiary companies is shown below:

Name of Company	Country of Registration and Operation	Class of Capital	Proportion Held	Principal Activity
Rensburg Unit Trust Management Limited	England & Wales	Ordinary	100%	Unit Trust Advisory (non-trading)
Rensburg Client Nominees Limited	England & Wales	Ordinary	100%	Personal Equity Plan Administration (non-trading)
BWD Rensburg Nominees Limited	England & Wales	Ordinary	100%	Nominee Company (non-trading)
Scarwood Nominees Limited	England & Wales	Ordinary	100%	Nominee Company (non-trading)
BWD Rensburg PEP Nominees Limited	England & Wales	Ordinary	100%	Nominee Company (non-trading)

8. DEBTORS

	1998 £	1997 £
Trade debtors	17,099,108	11,522,483
Amounts due from group undertakings	1,000	-
Other debtors	353,418	-
Prepayments and accrued income	1,689,765	1,229,049
	<u>19,143,291</u>	<u>12,751,532</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CREDITORS

	1998	1997
	£	£
Trade creditors	104,280,693	60,113,958
Less monies held on behalf of clients	(87,143,669)	(48,605,459)
	<u>17,137,024</u>	<u>11,508,499</u>
Amounts owed to group undertakings	375,100	100
Proposed dividend	760,000	1,300,000
Corporation tax	1,734,760	962,235
Other taxes and social security costs	551,695	248,533
Accruals	3,570,610	2,957,928
	<u>24,129,189</u>	<u>16,977,295</u>

10. OBLIGATIONS UNDER LEASES

	1998	1997
	£	£
Operating leases:		
Amount payable within one year	473,164	474,482
Over one year:		
In the second to fifth year inclusive	1,633,966	1,803,602
Over five years	<u>2,122,514</u>	<u>2,414,086</u>
	<u>4,229,644</u>	<u>4,692,170</u>

The amounts above represent future rentals on properties leased to the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LOAN

	1998 £	1997 £
Wholly repayable within five years	<u>1,810,000</u>	<u>1,810,000</u>

The loan wholly repayable within five years is from BWD Securities PLC and is subordinated to all creditors. This loan is not subject to an interest charge and is for a period of not less than five years.

12. PROVISION

	1998 £	1997 £
At 1 December 1997	302,970	421,186
Movement in the year	(80,030)	(118,216)
At 30 November 1998	<u>222,940</u>	<u>302,970</u>

The movement for the year relates to payments made against lease provisions on vacant properties.

13. SHARE CAPITAL

	1998		1997	
	No.	£	No.	£
Authorised:				
Ordinary shares of £1	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:				
Ordinary shares of £1	<u>392,000</u>	<u>392,000</u>	<u>392,000</u>	<u>392,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the year	3,098,134	1,974,704
Dividends	(3,160,000)	(1,692,000)
Opening Shareholders' funds	2,760,440	2,477,736
Closing Shareholders' funds	<u>2,698,574</u>	<u>2,760,440</u>

15. 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.

16. CAPITAL COMMITMENTS

	1998 £	1997 £
Contracted but not provided for	<u>NIL</u>	<u>NIL</u>

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is BWD Securities PLC, which is registered in England and Wales.

AUDITORS' REPORT TO THE MEMBERS OF BWD RENSBURG LIMITED

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

Respective responsibilities of directors and auditors

As described on page 1 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 company's affairs as at 30 November 1998 and of its 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

9 February 1999