

Company Number 02144551

BWD Rensburg Limited

Report and Financial Statements

30 November 1999



REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report with the financial statements for the year to 30 November 1999.

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 £3,973,494. Interim dividends of £2,176,394 were paid during the year. The directors do not recommend the payment of a final dividend.

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).

REPORT OF THE DIRECTORS (CONTINUED)

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 1999	At 30 November 1998 or Date of Appointment
C. Addenbrooke		8,650	3,883
R.A. Allen		11,031	6,196
B. A. Anysz		See below	See below
I. W. Bakewell		13,191	Nil
G.K. Barber		Nil	Nil
G. B. Barlow		35,926	51,801
S.J. Brown		10,105	Nil
M. H. Burns		See below	See below
D. Carr	(Appointed 29/10/99)	54,639	54,639
A.P. Conner	(Appointed 25/10/99)	1,100	1,100
M.J.P. Cooke		169,084	202,500
S.P.H. Cookson		20,000	30,000
J. H. Craven		3,000	5,337
G.M. Derbyshire	(Appointed 1/11/99)	Nil	Nil
M.J. Dickinson		See below	See below
D.J. Dunn	(Appointed 29/10/99)	67,363	67,363
J.G.T. Dyson		11,338	8,271
T.F.A. Eyre	(Appointed 1/9/99)	5,271	5,271
A.C.Fleming	(Appointed 29/10/99)	74,848	74,848
R.C. Fox	(Appointed 1/9/99)	Nil	Nil
J.R.J.Greenhalgh		96,283	110,783
M.M. Grime		200,000	200,000
J.L. Hagan		90,000	90,000
M.N. Hall		Nil	Nil
J.L. Hattersley	(Appointed 29/10/99)	80,416	80,416
P.J.R. Hepworth	(Appointed 29/10/99)	74,848	74,848
N.C.W. Hilton		Nil	Nil
S.N. Holden		7,584	4,000
A.R. Holt	(Appointed 29/10/99)	74,848	74,848
J.P.M. Kay	(Appointed 1/9/99)	2,000	2,000
S.G.Kaye		15,050	25,223
T. Kerrigan		Nil	Nil
N.S. Lanceley		15,000	20,000
J. Lanchbery	(Appointed 29/10/99)	37,425	37,425
S.J.D. Light		Nil	Nil
I. C. MacDonald		Nil	Nil
J.D. MacLaren	(Appointed 28/6/99)	Nil	Nil
P. Mahony		Nil	Nil
N.P.R. Marsh		Nil	Nil

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS AND THEIR INTERESTS (Continued)

		Interest in 10p Ordinary Shares of BWD Securities PLC	
		At 30 November 1999	At 30 November 1998 or Date of Appointment
R.C. Mather		2,401	Nil
D.G.C. McDonnell		2,850	Nil
J.R. Mitchell	(Appointed 29/10/99)	Nil	Nil
C. Morton		Nil	Nil
J.J. Mulligan		27,487	102,580
D.J. Neal		Nil	Nil
P.L. Nolan	(Appointed 29/10/99)	56,136	56,136
D.A.R. Owen		2,600	2,671
C.M. Pope		29,500	29,500
J.C. Quick		17,955	15,905
J.R. Rider		3,267	200
J.D. Seal		19,256	21,223
S.W.F. Sharp		1,124	5,000
R.J. Shaw		Nil	Nil
N. J. Sheridan		Nil	Nil
D.H. Sherlock		34,382	30,000
J.W. Stedham	(Appointed 01/11/99)	Nil	Nil
D. Stitcher	(Appointed 29/11/99)	Nil	Nil
T.H. Street		2,765	1,385
D.A. Thomas		775	Nil
S.J. Trowbridge		19,484	16,552
G. Tym		24,814	28,000
E.A. Warren		55,015	52,824
N.C. Williams		See below	See below
A.C.M. Winter		Nil	Nil
J.P. Wragg		5,000	5,000

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.

C. Addenbrooke, R.A. Allen, J.L. Hagan, N.C.W. Hilton, S.G. Kaye, D.J. Neal, R.C. Mather, D.G.C. McDonnell, C. Morton, J.J. Mulligan, C.M. Pope, D.H. Sherlock, D.A. Thomas, G. Tym, E.A. Warren and N.C. Williams retire by rotation and, being eligible, offer themselves for re-election.

D. Carr, A.P. Conner, G. M. Derbyshire, D.J. Dunn, T.F.A. Eyre, A.C. Fleming, R.C. Fox, J.L. Hattersley, P.J. R. Hepworth, A. R. Holt, J.P.M. Kay, J. Lanchbery, J.D. MacLaren, J. R. Mitchell, P.L. Nolan, J.W. Stedham and D. Stitcher 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.

J.F. Johnston resigned as a director of the company on 5 July 1999 .

REPORT OF THE DIRECTORS (CONTINUED)

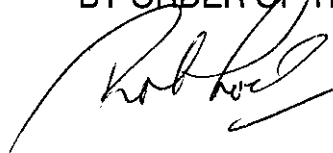
YEAR 2000

The Group recognised the importance of the Year 2000 issue, completed a full assessment of its impact and committed resources to its resolution. To date, the Group's results and operations have not been adversely affected either by internal Year 2000 compliance failures or the inability of any third parties to manage the issue. The Directors recognise the need to continue to monitor the Year 2000 issue and are confident that the steps being undertaken will continue to avoid disruption. Further costs arising from the Year 2000 compliance programme are not expected to be significant.

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

8 February 2000

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1999**

	Note	1999 £	1998 £
Turnover	1		
Continuing operations		20,815,429	18,676,319
Acquisitions		<u>332,161</u>	<u>-</u>
		21,147,590	18,676,319
Administrative Expenses		<u>(16,561,648)</u>	<u>(15,009,464)</u>
Operating profit	2		
Continuing operations		4,502,321	3,666,855
Acquisitions		<u>83,621</u>	<u>-</u>
		4,585,942	3,666,855
Interest receivable and similar income	4	920,497	957,492
Other income		131,250	131,250
Profit on ordinary activities before taxation		<u>5,637,689</u>	<u>4,755,597</u>
Tax on profit on ordinary activities	5	<u>(1,664,195)</u>	<u>(1,657,463)</u>
Profit on ordinary activities after taxation		3,973,494	3,098,134
Dividends		<u>(2,176,394)</u>	<u>(3,160,000)</u>
Profit/(deficit) for the year		1,797,100	(61,866)
Retained profit brought forward		<u>2,306,574</u>	<u>2,368,440</u>
Retained profit carried forward		<u>4,103,674</u>	<u>2,306,574</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 15. The notes on pages 7 to 16 form part of these financial statements.

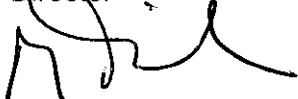
BALANCE SHEET AS AT 30 NOVEMBER 1999

	Note	£	1999	£	£	1998	£
FIXED ASSETS							
Intangible	6		9,010,302			-	
Tangible	7		618,733			506,073	
Investments	8		18,866			41,550	
			<u>9,647,901</u>			<u>547,623</u>	
CURRENT ASSETS							
Debtors	9	39,622,741			19,143,291		
Cash at bank and in hand		<u>9,635,168</u>			<u>9,169,789</u>		
		49,257,909			28,313,080		
CREDITORS:							
Amounts falling due within one year	10	<u>52,407,087</u>			<u>24,129,189</u>		
NET CURRENT (LIABILITIES)/ASSETS							
			<u>(3,149,178)</u>			<u>4,183,891</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES							
			6,498,723			4,731,514	
CREDITORS:							
Amounts falling due after more than one year:							
Loan	12		1,810,000			1,810,000	
Provisions	13		193,049			222,940	
			<u>4,495,674</u>			<u>2,698,574</u>	
CAPITAL AND RESERVES							
Called up share capital	14		392,000			392,000	
Profit and loss account			4,103,674			2,306,574	
SHAREHOLDERS' FUNDS			<u>4,495,674</u>			<u>2,698,574</u>	

The financial statements were approved by the Board on 8 February 2000 and signed on its behalf by:

M. J. DICKINSON

Director



8 February 2000

The notes on pages 7 to 16 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 26 November 1999. The financial year comprises 52 weeks.

(c) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any 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.

(d) 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	Between 25% and 33%
Fixtures and fittings	25%

(e) 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.

(f) Turnover

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

(g) Consolidation

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

(h) 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

	1999 £	1998 £
Arrived at after charging:		
Auditors' remuneration – As auditors	40,000	39,000
Auditors' remuneration – other	7,201	3,587
Depreciation on tangible fixed assets	256,690	226,620
Amortisation of goodwill	37,700	-
Property Rents	<u>489,513</u>	<u>488,310</u>

3. STAFF COSTS

	1999 £	1998 £
Wages and salaries	8,403,576	7,450,469
Social security costs	862,929	696,847
Pension contributions	<u>325,738</u>	<u>280,000</u>
	<u>9,592,243</u>	<u>8,427,316</u>

Directors' emoluments (excluding pension contributions) were £4,305,960 in the year (1998 - £3,916,772).

The emoluments of the highest paid director were £211,397 (1998 - £194,658) and company pension contributions of £10,500 (1998 - £8,250) 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. The amount payable to the fund at the end of the financial year was £55,045 (1998 - £nil).

Company contributions to money purchase pension schemes in respect of the directors were £175,983 in the year (1998 - £147,651).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. STAFF COSTS (Continued)

	1999	1998
	No.	No.
The average number of employees during the year was made up as follows:		
Stockbroking and Investment Management	106	95
Administration	147	140
	<u>253</u>	<u>235</u>

4. INTEREST RECEIVABLE

	1999	1998
	£	£
Bank interest	<u>920,497</u>	<u>957,492</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
Corporation tax based on the profit for the year at 30.33% (1998 – 31%)	1,033,881	1,512,693
Group relief surrendered and paid for in full	602,570	-
Under provision in previous years	27,744	144,770
	<u>1,664,195</u>	<u>1,657,463</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INTANGIBLE FIXED ASSETS - GOODWILL

	1999 £
Cost	
At 1 December 1998	-
Additions	9,048,002
At 30 November 1999	<u>9,048,002</u>
Amortisation	
At 1 December 1998	-
Charge for the year	37,700
At 30 November 1999	<u>37,700</u>
Net Book Value	
At 30 November 1999	<u>9,010,302</u>
At 30 November 1998	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Computer Equipment £	Total £
Cost:			
At 1 December 1998	546,677	1,235,133	1,781,810
Additions	75,389	145,406	220,795
Business Acquired	27,014	122,983	149,997
Disposals	0	(6,427)	(6,427)
At 30 November 1999	<u>649,080</u>	<u>1,497,095</u>	<u>2,146,175</u>
Depreciation:			
At 1 December 1998	392,804	882,933	1,275,737
Charge for the year	71,334	185,356	256,690
Disposals	0	(4,985)	(4,985)
At 30 November 1999	<u>464,138</u>	<u>1,063,304</u>	<u>1,527,442</u>
Net book value:			
At 30 November 1999	<u>184,942</u>	<u>433,791</u>	<u>618,733</u>
At 30 November 1998	<u>153,873</u>	<u>352,200</u>	<u>506,073</u>

8. INVESTMENTS

	1999 £	1998 £
Shares in group companies at valuation	4,203	4,203
Unlisted shares	<u>14,663</u>	<u>37,347</u>
	<u>18,866</u>	<u>41,550</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENTS (Continued)

On 29 October 1999 the company acquired the business and certain of the assets of Nicholson Barber Limited a fellow subsidiary within the BWD Securities PLC Group for a consideration of £8,905,002. This consideration remains outstanding as at 30 November 1999 as an amount owed to a group undertaking and hence there were no net cash outflows in respect of the transaction.

Prior to this acquisition Nicholson Barber Limited had previously only traded from 22 October 1999, producing turnover of £42,139 and profit after tax of £3,880 in the period to 29 October 1999.

The fair value of the assets acquired was £8,612,002 (including £8,755,002 of purchased goodwill within Nicholson Barber Limited). This results in goodwill of £293,000 which together with the goodwill of £8,755,002 acquired, is being amortised over twenty years.

The following table sets out the book value of the identifiable assets and liabilities acquired and their fair value to the company:

	Book Value	Other Significant Items	Fair Value
	£	£	£
Intangible fixed assets	8,755,002	-	8,755,002
Tangible fixed assets	149,997	-	149,997
Current assets	3	-	3
Liabilities	-	(293,000)	(293,000)
Net Assets	<u>8,905,002</u>	<u>(293,000)</u>	<u>8,612,002</u>
Goodwill			<u>293,000</u>
Satisfied by inter company creditor			<u>8,905,002</u>

Other significant items in the table above represent adjustments made in respect of property dilapidation, contracts for information services and employee redundancies.

The directors have made a provisional review of the fair value of the net assets acquired with the current year acquisitions. On further review, any necessary adjustments will be accounted for in the year to 30 November 2000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENTS (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%	Nominee Company (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)

9. DEBTORS

	1999 £	1998 £
Trade debtors	36,456,680	17,099,108
Amounts due from group undertakings	1,000	1,000
Other debtors	494,089	353,418
Prepayments and accrued income	2,670,972	1,689,765
	<u>39,622,741</u>	<u>19,143,291</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. CREDITORS

	1999 £	1998 £
Trade creditors	161,324,138	104,280,693
Less monies held on behalf of clients	(124,660,536)	(87,143,669)
	<u>36,663,602</u>	<u>17,137,024</u>
Amounts owed to group undertakings	9,638,847	375,100
Proposed dividend	-	760,000
Corporation tax	902,705	1,734,760
Other taxes and social security costs	706,137	551,695
Accruals	4,495,796	3,570,610
	<u>52,407,087</u>	<u>24,129,189</u>

11. OBLIGATIONS UNDER LEASES

	1999 £	1998 £
Operating leases:		
Amount payable within one year	572,913	473,164
Over one year:		
In the second to fifth year inclusive	1,747,044	1,633,966
Over five years	<u>2,129,944</u>	<u>2,122,514</u>
	<u>4,449,901</u>	<u>4,229,644</u>

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

12. LOAN

	1999 £	1998 £
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. PROVISION

	1999 £	1998 £
At 1 December 1998	222,940	302,970
Movement in the year	(29,891)	(80,030)
At 30 November 1999	<u>193,049</u>	<u>222,940</u>

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

14. SHARE CAPITAL

	1999		1998	
	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>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the year	3,973,494	3,098,134
Dividends	(2,176,394)	(3,160,000)
Opening Shareholders' funds	<u>2,698,574</u>	<u>2,760,440</u>
Closing Shareholders' funds	<u>4,495,674</u>	<u>2,698,574</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. 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.

17. CAPITAL COMMITMENTS

	1999	1998
	£	£
Contracted but not provided for	<u>123,108</u>	<u>NIL</u>

18. 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 16.

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 1999 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

8 February 2000