

NUMIS SECURITIES LIMITED
COMPANY NUMBER 2285918
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002



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NUMIS SECURITIES LIMITED
(Registered Number 2285918)
ANNUAL REPORT
YEAR ENDED 30 SEPTEMBER 2002

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NUMIS SECURITIES LIMITED
DIRECTORS, OFFICERS AND REGISTERED OFFICE

DIRECTORS

O A Hemsley (Chairman & Chief Executive)
J G Bates
D J A Craig
C A Crick
R D Cruwys
N F Devins
E P H Farquhar
P Gaunt
R J L Hall
J M Harrison
M I Hughes
H G E Jenkins
N H Johnson
P Jones
J W S Lewis
I McDonald
R H W Morecombe
M O F Murphy
D J Poutney
P D Richards
A D Saunders
D B J Sweetland
L M Tilbian

SECRETARY

D B J Sweetland

REGISTERED OFFICE

Cheapside House
138 Cheapside
London EC2V 6LH

AUDITORS

PKF
New Garden House
78 Hatton Garden
London EC1N 8JA

NUMIS SECURITIES LIMITED

DIRECTORS' REPORT

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 September 2002.

PRINCIPAL ACTIVITY

Following the discontinuation of our investment management and private client stockbroking business, we have made significant progress in growing our core investment banking business.

The principal activity of the company is to provide integrated financial services. This activity encompasses corporate finance, research, corporate broking, market making, and institutional stockbroking services. The company is a member firm of the London Stock Exchange and is regulated by the Financial Services Authority.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company is a wholly owned subsidiary undertaking of Numis Corporation Plc, a United Kingdom registered company. The directors are pleased with the result for the year.

The company has effective ownership of 100% of the issued share capital of the following companies which are all registered in England and Wales.

	<u>Principal activity</u>
Real Education Plc	Non trading
Numis Capital Limited	Non trading
Numis Nominees Limited	Non trading

RESULTS AND DIVIDENDS

The results, distributions and retained profit for the financial year are as follows:

	£
Retained profit at 30 September 2001	5,032,089
Profit for the year, after taxation	4,612,468
Dividends proposed	(860,739)
	<hr/>
Retained profit at 30 September 2002	8,783,818
	<hr/>

DIRECTORS

The directors listed below served for part of the year, the directors shown on page 1 were all in office at the year end:

D J A Craig	(appointed 14 November 2001)
P Gaunt	(appointed 14 November 2001)
P N Orr	(resigned 30 January 2002)
T Cofman-Nicoresiti	(resigned 15 October 2001)

NUMIS SECURITIES LIMITED
DIRECTORS' REPORT
(continued)

AUDITORS

PKF is eligible for reappointment as auditor to the company and a resolution proposing its re-appointment will be proposed at the AGM.

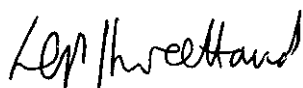
SUPPLIERS

The company agrees terms and conditions for its goods or services with suppliers. Payment is then made based on these terms and conditions, subject to the agreed terms and conditions being met by the supplier. The company has taken 28 days to pay suppliers during the past financial year.

CHARITABLE DONATIONS

During the year, the company made charitable donations of £892 (2001: £250).

BY ORDER OF THE BOARD



D B J Sweetland
Company Secretary
Cheapside House
138 Cheapside
London
EC2V 6LH

11 December 2002

NUMIS SECURITIES 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

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. 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 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
NUMIS SECURITIES LIMITED**

We have audited the financial statements of Numis Securities Limited for the year ended 30 September 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

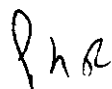
Basis of audit opinion

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 the company's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors
London, UK

11 December 2002

NUMIS SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2002

	NOTES	2002 £	2001 £ Ordinary Activities	2001 £ Exceptional Items	2001 £ Total
TURNOVER	2, 6	17,011,679	6,449,260	48,000	6,497,260
GROSS PROFIT		17,011,679	6,449,260	48,000	6,497,260
Administrative expenses	6	(11,747,153)	(6,107,240)	(1,553,500)	(7,660,740)
OPERATING PROFIT/(LOSS)		5,264,526	342,020	(1,505,500)	(1,163,480)
Exceptional items					
- profit on disposal of tangible fixed assets	6	-		176,235	176,235
- profit on disposal of fixed asset investments	6	1,055,654		1,504,560	1,504,560
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND AMOUNTS WRITTEN OFF INVESTMENTS		6,320,180	342,020	175,295	517,315
Interest receivable and similar income	3	445,262	513,041		513,041
Amounts written off investments	6, 11	(114,489)		(760,614)	(760,614)
Interest payable and similar charges	4	(686)	(1,437)		(1,437)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	6,650,267	853,624	(585,319)	268,305
Tax on profit/(loss) on ordinary activities	8	(2,037,799)	(228,006)	102,311	(125,695)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,612,468	625,618	(483,008)	142,610
Dividends paid and proposed	9	(860,739)	(150,000)	-	(150,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR		3,751,729	475,618	(483,008)	(7,390)

A statement of movements on reserves is given in note 17.


There were no other recognised gains or losses made by the company during the year ended 30 September 2002 and year ended 30 September 2001 other than the profits for those years.

The accompanying notes are an integral part of this profit and loss account.

NUMIS SECURITIES LIMITED
BALANCE SHEET
30 SEPTEMBER 2002

	NOTES	<u>2002</u> £	<u>2001</u> £
FIXED ASSETS			
Tangible fixed assets	10	1,078,992	614,245
Investments	11	729,077	500,816
		<hr/> 1,808,069	<hr/> 1,115,061
CURRENT ASSETS			
Debtors	12	18,493,339	19,280,115
Investments	13	960,588	7,604,284
Cash at bank and in hand	14	13,447,960	19,717
		<hr/> 32,901,887	<hr/> 26,904,116
CREDITORS			
Amounts falling due within one year	15	(23,926,138)	(20,987,088)
		<hr/>	<hr/>
CURRENT ASSETS LESS TOTAL LIABILITIES		8,975,749	5,917,028
		<hr/>	<hr/>
NET ASSETS		10,783,818	7,032,089
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	16	2,000,000	2,000,000
Profit and loss account	17	8,783,818	5,032,089
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		10,783,818	7,032,089
		<hr/>	<hr/>

Signed on behalf of the Board 11 December 2002



D B J Sweetland
Director

A statement of movements on reserves is given in note 17.

The accompanying notes are an integral part of this balance sheet.

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the inclusion of trading positions at market value, and in accordance with applicable accounting standards.

(b) Consolidation, investments and cash flow statement

Fixed asset investments represent the cost of investment in the company's non-trading subsidiary undertakings and long term investments.

Current asset trading investments which are considered to be liquid represent the aggregate of net long positions in individual securities and are valued at the market's bid prices at the balance sheet date. Short trading positions which are considered to be liquid represent the aggregate of net short positions in individual securities and are valued at the market's offer prices at the balance sheet date. Positions in trading investments which are considered to be illiquid are included at cost less provision for any permanent diminution in value.

Since the company is a wholly owned subsidiary undertaking of Numis Corporation Plc, for which group financial statements and a consolidated cash flow statement are prepared, the directors have taken advantage of the exemptions from preparing group accounts and a cash flow statement.

(c) Turnover

Turnover comprises commission, fee income and net dealing profit or loss. Commission income is gross commission from stockbroking and is taken to the profit and loss account when transactions are executed. Fee income includes corporate finance fees and placing commissions, which are recognised in the profit and loss account once the corporate activity is substantially complete. Net dealing profit or loss is realised and unrealised profits and losses from current asset investments held for trading purposes. The recognition of unrealised profits and losses in the profit and loss account, which is an accounting policy commonly adopted by companies which make markets, represents a departure from the Companies Act 1985.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation on office and computer equipment and motor vehicles is provided for on a straight line basis at the following rates:

Computer equipment	3 years
Motor vehicles	4 years
Office equipment	5 years

(e) Clients' deposits

All money held on behalf of clients has been excluded from the balances of cash at bank and in hand and amounts due to clients, brokers and recognised stock exchanges.

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

(f) Pension costs

The company provides pensions, life assurance and death in service benefits to all full-time employees of the company over the age of 18 with at least three months service with the company. The pension scheme is a Group Personal Pension Scheme. The amount charged to the profit and loss account is contributions payable during the year.

Further information on pension costs is provided in note 19c.

(g) Operating leases

The company has entered into operating leases as described in note 19b.

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term even if the payments are not made on such a basis.

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account directly.

(i) Taxation

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

Deferred tax is provided for using the full provision method following the adoption of Financial Reporting Standard No. 19. This represents a change in accounting policy as deferred tax was previously provided for under the partial provision method. This change in accounting policy does not lead to a prior period adjustment.

2 SEGMENTAL INFORMATION

The company's turnover, profit before taxation and net assets were all generated from one class of business, financial services.

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

3 INTEREST RECEIVABLE AND SIMILAR INCOME	<u>2002</u> £	<u>2001</u> £
Interest receivable	428,003	467,232
Dividends from UK listed investments	17,259	45,809
	<hr/> 445,262	<hr/> 513,041

4 INTEREST PAYABLE AND SIMILAR CHARGES	<u>2002</u> £	<u>2001</u> £
On overdrafts repayable within five years not by instalments	686	1,437
	<hr/>	<hr/>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	<u>2002</u> £	<u>2001</u> £
Depreciation	339,543	70,341
Hire of equipment under operating leases	-	171,733
Other operating lease costs	221,383	198,329
Staff costs (see note 7)	8,108,726	3,524,389
Auditors' remuneration - audit related	31,500	29,500
- non-audit related	19,890	19,795
	<hr/>	<hr/>

6 EXCEPTIONAL ITEMS

The following exceptional items are included in the profit on ordinary activities before taxation.

	<u>2002</u> £	<u>2001</u> £
Profit on sale of fixed asset investment being 260,000 London Stock Exchange Plc Shares (2001: 475,000 shares)	1,055,654	1,504,560
Profit on disposal of fixed assets following the fire at the Company's London office at Cheapside House in May 2002	-	176,235
Costs associated with recruiting senior executives of the Company	-	(1,553,500)
Provision against a current asset investment	-	(760,614)
Fire insurance claim for loss of earnings following the fire at the Company's London office at Cheapside House in May 2002 in respect of commission income and market making profits	-	48,000
	<hr/> 1,055,654	<hr/> (585,319)

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

7 STAFF COSTS

Particulars of employees (including executive directors) are as shown below:

	<u>2002</u> £	<u>2001</u> £
Employee costs during the year amounted to:		
Wages and salaries	4,058,559	2,852,500
Incentive payments	2,975,000	-
Social security costs	637,605	314,121
Redundancy	154,353	1,620
Other pension costs (see note 19c)	283,208	356,128
	<hr/> 8,108,725 <hr/>	<hr/> 3,524,369 <hr/>

The average number of staff employed during the year was:

	<u>2002</u> Number	<u>2001</u> Number
Professional	40	35
Administration	14	15
	<hr/> 54 <hr/>	<hr/> 50 <hr/>

Directors' remuneration

The total amounts for directors' remuneration and other benefits was as follows:

	<u>2002</u> £	<u>2001</u> £
Emoluments	5,142,421	3,012,502
Money purchase contributions	220,100	165,820
Compensation for loss of office	117,111	-
	<hr/> 5,479,632 <hr/>	<hr/> 3,178,322 <hr/>

The above amounts do not include any gains made on the exercise of share options in the parent undertaking. Two directors exercised share options in the period (2001: 2).

Pensions

All directors are members of money purchase schemes.

Highest paid director

Aggregate remuneration.

The above amounts for remuneration include the following in respect of the highest paid director:

	<u>2002</u> £	<u>2001</u> £
Emoluments	762,522	163,966
Company contributions to money purchase pension schemes	22,500	22,500
	<hr/> 785,022 <hr/>	<hr/> 186,466 <hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the period and comprises:

	<u>2002</u> £	<u>2001</u> £
Corporation tax at 30% (2001: 20%)	2,039,999	14,200
Under/(over)provided in previous years	(2,200)	111,495
	<hr/> 2,037,799	<hr/> 125,695

The tax effect in the profit and loss account relating to the exceptional items in note 6 is a charge of £316,696 (2001: credit of £102,311).

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	6,650,267	268,305
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax (30%)	1,995,080	80,492
Effects of:		
Expenses not deductible for tax purposes	51,883	33,310
Capital allowances for the period in excess of depreciation	17,021	(78,273)
Small companies tax relief	(17,921)	(6,000)
Investment provisions not qualifying for tax relief in the period	33,387	74,999
Employers pension contributions not qualifying for relief in the period	(39,451)	28,199
Taxable income transferred for tax purposes	-	(222,524)
Tax losses surrendered	-	101,797
Over provision of tax charge	-	2,200
	<hr/>	<hr/>
Current tax charge for the period	2,039,999	14,200

9 DIVIDENDS PAID AND PROPOSED

	<u>2002</u> £	<u>2001</u> £
Dividend proposed of 43.04p per ordinary share (2001: 7.50p)	860,739	150,000
	<hr/>	<hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

10 TANGIBLE FIXED ASSETS

The movement during the year was as follows:

	<u>Office and computer equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost			
At 1 October 2001	668,449	56,421	724,870
Additions	807,662	-	807,662
Disposals	(27,622)	-	(27,622)
	<hr/>	<hr/>	<hr/>
At 30 September 2002	1,448,489	56,421	1,504,910
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 2001	99,848	10,777	110,625
Charge for year	325,378	14,105	339,483
Disposals	(24,190)	-	(24,190)
	<hr/>	<hr/>	<hr/>
At 30 September 2002	401,036	24,882	425,918
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2001	568,601	45,644	614,245
	<hr/>	<hr/>	<hr/>
At 30 September 2002	1,047,453	31,539	1,078,992
	<hr/>	<hr/>	<hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

11 FIXED ASSET INVESTMENTS

	<u>2002</u> £	<u>2001</u> £
a) UK listed investments		
At 30 September 2001	300,000	-
Additions	-	300,000
Disposals	(200,000)	-
	<hr/>	<hr/>
At 30 September 2002	100,000	300,000
	<hr/>	<hr/>
b) UK unlisted investments		
At 30 September 2001	200,040	325,048
Additions	234,602	124,989
Amounts written off	(99,989)	-
Transfers	(25,000)	(249,997)
	<hr/>	<hr/>
At 30 September 2002	309,653	200,040
	<hr/>	<hr/>

Transfers: in 2002 the Company became the sole holder of Real Education Plc, the company is now shown in 11d) below as a subsidiary; in 2001 an investment was reclassified from fixed to current assets to reflect the Company's intentions in respect of that asset.

c) Non UK unlisted investments		
At 30 September 2001	762	762
Additions	279,948	-
Amounts written off	(11,300)	-
	<hr/>	<hr/>
At 30 September 2002	269,410	762
	<hr/>	<hr/>

d) The company owns the whole of the issued share capital of the following companies, which are registered in the United Kingdom:

	<u>Principal activity</u>	<u>Issued share capital</u>
Real Education Plc	Non-trading	50,000
Numis Nominees Limited (formerly Zorn Nominees Limited)	Non-trading	12
Numis Capital Limited (formerly Numis Nominees Limited)	Non-trading	2

12 DEBTORS

The following items are included as debtors:

	<u>2002</u> £	<u>2001</u> £
Due from clients, brokers and Recognised Stock Exchanges	17,463,624	17,537,970
VAT	110,428	79,882
Other debtors	53,469	777,943
Prepayments and accrued income		
- Corporation tax recoverable	-	424,439
- Other	862,117	433,876
Amounts due from other group undertakings	3,701	26,005
	<hr/>	<hr/>
	18,493,339	19,280,115
	<hr/>	<hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

13 CURRENT ASSET INVESTMENTS	<u>2002</u>	<u>2001</u>
	£	£
Quoted UK investments at market value		
- Listed	709,447	1,729,351
- AIM	251,141	586,288
Quoted non UK investments at market value	-	5,288,645
	<hr/>	<hr/>
	960,588	7,604,284
	<hr/>	<hr/>

14 CASH AT BANK AND IN HAND

The balances exclude interest-bearing deposits of clients' monies placed by the company with banks on an agency basis. All such deposits are designated by the bank as clients' funds and are not available to the banks to satisfy any liability the group may have with them at that time.

The balance on 30 September 2002 held on deposit for clients was £71,913 (2001: £285,316).

15 CREDITORS

The following amounts, all falling due within one year, are included in creditors:

	<u>2002</u>	<u>2001</u>
	£	£
Amounts due to clients, brokers and recognised stock exchanges	14,086,207	14,933,763
Amounts owed to other group undertakings	4,890,331	4,684,988
Other creditors		
- UK corporation tax payable	822,999	-
- VAT	83,880	58,703
- Social security and PAYE	129,721	183,504
- Sundry creditors	146,300	199,296
Accruals	2,905,961	776,834
Dividend proposed	860,739	150,000
	<hr/>	<hr/>
	23,926,138	20,987,088
	<hr/>	<hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

16	SHARE CAPITAL	<u>2002</u> £	<u>2001</u> £
	Authorised		
	2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
		<hr/>	<hr/>
	Issued and fully paid		
	2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
		<hr/>	<hr/>
17	RESERVES		<u>Profit and</u> <u>Loss account</u> £
	At 30 September 2001		5,032,089
	Profit for the year		3,751,729
			<hr/>
	At 30 September 2002		8,783,818
			<hr/>
18	RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS	<u>2002</u> £	<u>2001</u> £
	Profit for the financial year	4,612,468	142,610
	Dividends	(860,739)	(150,000)
		<hr/>	<hr/>
	Net movement in shareholders' funds	3,751,729	(7,390)
	Opening shareholders' funds	7,032,089	7,039,479
		<hr/>	<hr/>
	Closing shareholders' funds	10,783,818	7,032,089
		<hr/>	<hr/>
19	GUARANTEES AND OTHER FINANCIAL COMMITMENTS		

a) Contingent liabilities

In the ordinary course of business, the group has given letters of indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising thereon cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The company also underwrites the placement of securities in the main and AIM markets in the ordinary course of its business. The aggregate value of these commitments at 30 September 2002 was £3,279,200 (30 September 2001: nil)

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

19 GUARANTEES AND OTHER FINANCIAL COMMITMENTS (Continued)

b) Operating leases

At 30 September 2002 the company had annual equivalent commitments under operating leases as set out below:

	Property	
	2002	2001
	£	£
Leases expiring:		
Within one year	-	-
Within two to five years	270,907	-
After five years	-	248,283
	<hr/>	<hr/>
	270,907	248,283
	<hr/>	<hr/>

The annual property rentals are next subject to review in December 2006.

c) Pension arrangements

The pension cost charge for the year was £283,208 (2001: £356,148). Outstanding contributions were £8,500 (2001: 139,594) at 30 September 2002.

The group operated a defined contribution scheme (with a defined benefit guarantee for pensionable services prior to 1 April 1993) up to 5 April 1997. After seeking professional independent advice, the directors decided to wind-up the defined contribution scheme and to secure members' benefits outside the scheme by means of individual policies or transfer to the Group Personal Pension Plan or some other suitable pension arrangements chosen by the member. The winding up of the defined contribution scheme is substantially complete and is being funded by the Company. At the date of the last actuarial valuation the residue of funds was £962,564. The valuation deficit was paid into the fund by the Company and the assets and liabilities of the fund are equal and opposite.

A group Personal Pension Plan was in operation from 6 April 1997 for all full-time employees of the company over the age of 18 with at least 3 months service with the company. The Group Personal Pension Plan is funded through monthly contributions. The group contributes 7% of members' salaries with members contributing at least 2.5% of their salary.

20 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the company provided financial advice and securities dealing facilities to persons connected with the company, on an arms' length basis.

The company has taken advantage of exemptions available under FRS8 which permits the non-disclosure of transactions with the parent company and fellow subsidiaries where 90% of the voting rights are controlled within the group.

During the year OA Hemsley bought fixed assets from the Group for £2,500, being the fair value of the assets.

**NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002**

21 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Numis Corporation Plc, which is a company registered in England and Wales.

The financial statements of Numis Corporation Plc are the only accounts in which the results of the company are consolidated. These are available to the general public.

22 FINANCIAL INSTRUMENTS

The company's financial instruments comprise trading investments, cash balances and various items such as trade debtors and trade creditors that arise from the normal course of business.

Trading investments are current asset and short positions held as a result of proprietary trading in quoted and AIM UK investments. These UK investments are equity securities and equity warrants. Trading investments are held at fair value, in accordance with the accounting policy provided in note 1(b). The company manages market risk through individual stock limits and overall trading book limits, as determined and monitored by the Risk Committee.

Sterling cash balances are invested in the company's approved banks to maximise interest income, subject to the company's concentration risk parameters. The company does not hold material foreign currency balances.