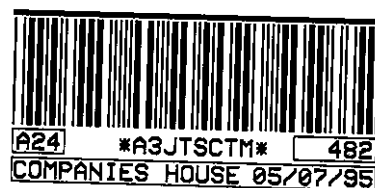

Edgar Astaire & Co. Limited

**Report and Financial Statements
For the year ended 31st March 1995**

Registered Number 2768453



Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1995

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Report of the directors

The directors present their report and the audited financial statements for the year ended 31st March 1995.

Principal activities and business review

The principal activity of the company is as a stockbroker and it is a Broad Scope member of The Securities and Futures Authority Limited. With effect from 1st May 1995, the company was elected to membership of the London Stock Exchange.

Comparative figures represent the trading period 24th May 1993 to 31st March 1994.

Results and dividends

The result for the period is set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Fixed assets

Details of movements in the fixed assets of the company are shown in Note 6 to the accounts.

Directors

Directors during the period were:

Edgar Astaire	
Gary Gladstein	
Scott Bessent	
Richard Katz	appointed 11th October 1994
John Purvis	resigned 1st January 1995
Giambattista Foglia	resigned 11th October 1994
Attilio Ventura	resigned 11th October 1994

Directors' interests

Directors' interests in the ordinary share capital of the company were as follows:

	1995 Number	1994 Number
Edgar Astaire	50,000	137,500

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Report of the directors (continued)

Directors' responsibilities

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 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;
- 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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand as the company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board



Sheila Lipscombe
Company secretary

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Report of the auditors to the members of
Edgar Astaire & Co. Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the 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 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 by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 at 31st March 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
30th June 1995

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Profit and loss account

	Notes	1995 £	1994 £
Turnover		2,814,905	1,823,007
Staff costs	1	665,313	412,284
Other operating costs		381,304	408,919
		<hr/>	<hr/>
Operating profit	3	1,768,288	1,001,804
Net interest	4	29,129	(2,490)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,797,417	999,314
Taxation	5	605,605	340,971
		<hr/>	<hr/>
Profit after taxation	11	1,191,812	658,343
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year, as stated above, and their historical cost equivalents.

All the company's activities are continuing activities

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Balance Sheet

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	6	45,690	53,147
		<u> </u>	<u> </u>
Current assets			
Long positions in securities		614,232	67,370
Debtors	7	5,380,281	22,140,540
Cash at bank and in hand		2,701,879	3,444,360
		<u> </u>	<u> </u>
		8,696,392	25,652,270
Creditors: amounts falling due within one year	8	5,891,927	24,047,074
		<u> </u>	<u> </u>
Net current assets		2,804,465	1,605,196
		<u> </u>	<u> </u>
Total assets less current liabilities		2,850,155	1,658,343
Creditors: amounts falling due after more than one year	9	500,000	500,000
		<u> </u>	<u> </u>
Net assets		2,350,155	1,158,343
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	10	500,000	500,000
Profit and loss account	11	1,850,155	658,343
		<u> </u>	<u> </u>
Shareholders' funds		2,350,155	1,158,343
		<u> </u>	<u> </u>

The financial statements on pages 4 to 15 were approved by the board of directors on 30th June 1995 and signed on its behalf by:

Edgar Astaire



Richard Katz



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Cash flow statement

	Notes	1995 £	1994 £
Net cash (outflow) / inflow from operating activities	13	(405,442)	2,519,934
Returns on investments and servicing of finance			
Interest paid		(40,782)	(31,559)
Interest received		68,541	29,069
Net cash inflow / (outflow) on investments and servicing of finance		27,759	(2,490)
Taxation			
UK corporation tax paid		(344,288)	Nil
Investing activities			
Payments to acquire fixed assets		(20,510)	(73,084)
Net cash (outflow) / inflow before financing		(742,481)	2,444,360
Financing			
Issue of ordinary share capital		Nil	500,000
Long-term subordinated loan		Nil	500,000
Net cash inflow from financing		Nil	1,000,000
(Decrease) / Increase in cash and cash equivalents	14	(742,481)	3,444,360

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Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared on the historical costs basis of accounting with the exception of positions in securities which are valued at market value.

Turnover

Turnover represents dealing profits and losses and commissions receivable on securities trading activities exclusive of value added tax and stamp duty.

All turnover and net assets relate to activities in the United Kingdom.

Positions in securities

Long and short positions in securities are valued at current bid and offer prices respectively.

Depreciation

Depreciation of tangible fixed assets is calculated to write off their cost or valuation over their expected useful lives in equal annual instalments as follows:

Furniture and fittings	33%
Office equipment	33%

Foreign currencies

Transactions denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange for the month in which the transaction was executed. Assets and liabilities denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange. Where appropriate the rate of exchange under the terms of any related or matching forward contract is used. All exchange gains or losses are reported as part of the profit for the period from ordinary activities.

Deferred taxation

Where a tax liability is expected to crystallise, deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

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Leased assets

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company does not operate a pension scheme for employees. Company contributions to employee personal pension plans are charged to the profit and loss account as incurred.

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Notes to the Financial Statements

1 Staff costs

The average number of persons, including directors, employed by the company during the period was eight (1994 five).

The costs incurred during the period in respect of these employees were as follows:

	1995 £	1994 £
Wages and salaries	564,384	350,721
Social security costs	57,567	35,399
Pension contributions	38,004	22,697
Other staff costs	5,358	3,467
	<hr/>	<hr/>
	665,313	412,284
	<hr/>	<hr/>

2 Directors' remuneration

Emoluments of directors were as follows:

	1995 £	1994 £
Fees	Nil	Nil
Other emoluments (including pension contributions)	199,752	147,202

In addition, the services of John Purvis were provided by Purvis & Company to whom fees of £5,833 (1994 £60,067) were paid during the period. These amounts are included in the banding set out below.

The emoluments (excluding pension contributions) of directors were as follows:

Chairman and highest paid director	183,919	137,202
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2 Directors' remuneration (continued)

The number of directors (including the Chairman) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1995 Number	1994 Number
£0-£5,000	5	6
£5,001-£10,000	1	Nil
£60,001-£65,000	Nil	1
£135,001-£140,000	Nil	1
£180,001-£185,000	1	Nil

3 Operating profit

	1995 £	1994 £
Operating profit is arrived at after charging/(crediting):		
Auditors' remuneration for audit	8,500	8,500
Auditors' remuneration for non-audit services	22,577	58,275
Depreciation	27,967	19,937
Operating lease charges	33,766	14,722
Foreign exchange	209,022	(14,031)

4 Net interest payable

Interest payable

Bank loans and overdrafts repayable within five years	16,633	29,261
Other loans repayable within five years	17,167	Nil
Other interest payable	5,612	2,298

	<u>39,412</u>	<u>31,559</u>
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Interest receivable	68,541	29,069
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Net interest receivable / (payable)	<u>29,129</u>	<u>(2,490)</u>
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5 Taxation

	1995 £	1994 £
UK corporation tax on the profit for the year at 33%	602,287	340,971
Adjustment in respect of prior period	3,318	Nil
Deferred tax	Nil	Nil
	<u>605,605</u>	<u>340,971</u>

6 Tangible fixed assets

	Furniture & fittings £	Computer equipment £	Total £
Cost			
At 1st April 1994	37,079	36,005	73,084
Additions	11,825	8,685	20,510
	<u>48,904</u>	<u>44,690</u>	<u>93,594</u>
At 31st March 1995	48,904	44,690	93,594
Depreciation			
At 1st April 1994	10,265	9,672	19,937
Charge for the period	14,978	12,989	27,967
	<u>25,243</u>	<u>22,661</u>	<u>47,904</u>
At 31st March 1995	25,243	22,661	47,904
Net book value			
At 31st March 1995	<u>23,661</u>	<u>22,029</u>	<u>45,690</u>
At 31st March 1994	<u>26,814</u>	<u>26,333</u>	<u>53,147</u>

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7 Debtors

	1995 £	1994 £
Due within one year:		
Trade debtors	5,345,737	22,100,615
Other debtors	11,141	24,336
Prepayments	23,403	15,589
	<u>5,380,281</u>	<u>22,140,540</u>

8 Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	5,007,273	23,346,817
Corporation tax	602,287	340,971
Other creditors	35,030	122,918
Accruals and deferred income	247,337	236,368
	<u>5,891,927</u>	<u>24,047,074</u>

9 Creditors: amounts falling due after more than one year

	1995	1994 £
Subordinated loan	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The subordinated loan is repayable on 21st May 1998, subject to the prior written consent of The Securities and Futures Authority Limited, and bears interest at 1% over LIBOR.

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10 Share capital

	1995 £	1994 £
Authorised, allotted, called-up and fully paid: 500,000 ordinary shares of £1 each	500,000	500,000

All shares rank parri passu as regards dividends, priority and amounts receivable on a winding up and voting rights.

11 Profit and loss account

	1995 £	1994 £
At 1st April 1994	658,343	Nil
Profit for the period	1,191,812	658,343
	<u>1,850,155</u>	<u>658,343</u>

12 Reconciliation of movement on shareholders funds

	1995 £	1994 £
Balance at 1st April 1994	1,158,343	Nil
Profit for the period	1,191,812	658,343
Issue of share capital	Nil	500,000
	<u>2,350,155</u>	<u>1,158,343</u>
Balance at 31st March 1995		

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13 Reconciliation of operating profit to net cash flow from operating activities

	1995	1994
		£
Operating profit	1,768,288	1,001,804
Depreciation	27,967	19,937
Positions in securities	(546,862)	(67,370)
Debtors	16,760,259	(22,140,540)
Creditors	(18,415,094)	23,706,103
Net cash flow from operating activities	(405,442)	2,519,934

14 Cash and cash equivalents

	1995	1994
	£	£
Changes during the period:		
Balance at 1st April 1994	3,444,360	Nil
Balance at 31st March 1995	2,701,879	3,444,360
Net cash (outflow) / inflow	(742,481)	3,444,360

15 Capital commitments

	1995	1994
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	Nil	Nil
Capital expenditure that has been authorised by the directors but has not yet been contracted for	Nil	Nil

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16 Commitments

	1995 £	1994 £
Land and buildings		
Expiring in over five years	Nil	Nil
Expiring between two and five years	18,585	18,585
Other		
Expiring in over five years	Nil	Nil
Expiring between two and five years	13,471	5,023