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*REGISTRAR OF
COMPANIES*

**The Link Asset and Securities Company
Limited**

Report and Financial Statements

Year Ended

31 December 2005



BDO Stoy Hayward
Chartered Accountants

The Link Asset and Securities Company Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

C S H Davies
J D S Booth
G H Stewart
D G Wilks
L R E Holland

Secretary and registered office

D G Wilks, The Courtyard, 12 Sutton Row, London, W1D 4AD.

Company number

3454743

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

The Link Asset and Securities Company Limited

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Interim dividends of £3,516,784 (2004 - £Nil) per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend (2004 - £Nil).

Principal activities, trading review and future developments

The group arranges and executes trades in cash equities, equity derivatives and fixed income products between market counterparties.

The directors consider the results for the year to be satisfactory.

During the year a subsidiary was established in Hong Kong. Link Securities Hong Kong Limited has been granted authority to trade by the Securities and Futures Commission.

There have been no events since the balance sheet date which materially affect the position of the company.

Charitable and political contributions

During the year the company made charitable contributions of £110,724 (2004 - £9,450). There were no political contributions (2004 - £Nil).

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares	
	£0.01 each 2005 Number	£1 each 2004 Number
C S H Davies	9,000,000	90,000
J D S Booth	2,250,000	22,500
G H Stewart	179,696	-
D G Wilks	4,404	-
L R E Holland (appointed 20 December 2005)	8,808	-

The Link Asset and Securities Company Limited

Report of the directors for the year ended 31 December 2005 (Continued)

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 group 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 group 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

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



D G Wilks

Secretary

31 March 2006

The Link Asset and Securities Company Limited

Report of the independent auditors

To the shareholders of The Link Asset and Securities Company Limited

We have audited the group and parent company financial statements of Link Asset and Securities Company Limited for the year ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the group's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 group 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.


The Link Asset and Securities Company Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and the group as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

31 March 2006

The Link Asset and Securities Company Limited

Consolidated profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	34,455,297	23,635,136
Cost of sales		25,784,766	18,824,635
		<hr/>	<hr/>
Gross profit		8,670,531	4,810,501
Administrative expenses		3,186,099	2,744,514
		<hr/>	<hr/>
Operating profit	5	5,484,432	2,065,987
Interest receivable		262,087	173,051
		<hr/>	<hr/>
Profit on ordinary activities before taxation		5,746,519	2,239,038
Taxation on profit from ordinary activities	6	2,398,026	588,834
		<hr/>	<hr/>
Profit for the year		3,348,493	1,650,204
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 10 to 22 form part of these financial statements.

The Link Asset and Securities Company Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2005

	2005 £	2004 £
Statement of total recognised gains and losses		
Profit for the year	3,348,493	1,650,204
Total recognised gains and losses for the year before currency adjustments	3,348,493	1,650,204
Exchange translation differences on consolidation	133,016	(32,806)
Total recognised gains and losses for the financial year	3,481,509	1,617,398


The notes on pages 10 to 22 form part of these financial statements.

The Link Asset and Securities Company Limited

Consolidated balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	8		720,831		699,066
Investments	9		26,970		2,469
			<hr/>		<hr/>
			747,801		701,535
Current assets					
Debtors	10	7,359,405		4,569,525	
Investments	11	59,939		203,814	
Cash at bank and in hand		8,753,141		6,887,428	
		<hr/>		<hr/>	
		16,172,485		11,660,767	
Creditors: amounts falling due within one year	12	9,115,674		4,928,512	
		<hr/>		<hr/>	
Net current assets			7,056,811		6,732,255
			<hr/>		<hr/>
Total assets less current liabilities			7,804,612		7,433,790
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13		119,320		112,500
Profit and loss account	14		7,685,292		7,321,290
			<hr/>		<hr/>
Shareholders' funds	15		7,804,612		7,433,790
			<hr/>		<hr/>

The financial statements were approved by the Board on 31st March, 2006



J D S Booth
Director


The notes on pages 10 to 22 form part of these financial statements.

The Link Asset and Securities Company Limited

Company balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	8		335,956		566,392
Investments	9		2,397,914		561,347
			<hr/>		<hr/>
			2,733,870		1,127,739
Current assets					
Debtors	10	6,105,319		3,946,986	
Investments	11	59,939		203,814	
Cash at bank and in hand		6,108,056		6,524,911	
		<hr/>		<hr/>	
		12,273,314		1,0675,711	
Creditors: amounts falling due within one year	12	7,139,785		4,536,514	
		<hr/>		<hr/>	
Net current assets			5,133,529		6,139,197
			<hr/>		<hr/>
Total assets less current liabilities			7,867,399		7,266,936
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13	119,320		112,500	
Profit and loss account	14	7,748,079		7,154,436	
		<hr/>		<hr/>	
Shareholders' funds	15	7,867,399		7,266,936	
		<hr/>		<hr/>	

The financial statements were approved by the Board on 31st March, 2006



J D S Booth
Director

The notes on pages 10 to 22 form part of these financial statements.

The Link Asset and Securities Company Limited

Consolidated cash flow statement for the year ended 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	19		6,733,326		3,569,567
Returns on investments and servicing of finance					
Interest received		262,087		173,051	
Net cash inflow from returns on investments and servicing of finance			262,087		173,051
Taxation					
Corporation tax paid			(1,367,188)		(1,032,533)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(473,620)		(150,447)
Purchase of fixed asset investment			(25,735)		-
Proceeds from sale of fixed asset investment			2,376		-
Equity dividends paid			(3,516,784)		-
Cash inflow before use of liquid resources and financing			1,614,463		2,559,638
Management of liquid resources					
Proceeds from sale of current asset investments			244,431		219,078
Financing					
Issue of ordinary share capital			6,820		-
Increase in cash	21		1,865,713		2,778,716

The notes on pages 10 to 22 form part of these financial statements.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of preparation

The consolidated financial statements incorporate the results of The Link Asset and Securities Company Limited and all of its subsidiary undertakings as at 31 December 2005 using the acquisition method of accounting. Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	- 20% per annum straight line
Office equipment	- 33⅓% per annum straight line
Computer equipment	- 33⅓% per annum straight line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by The Link Asset and Securities Company Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in these consolidated financial statements.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short-term deposits.

Share based employee remuneration

When shares and share options are granted to employees a charge is made to the profit and loss account based on the difference between the market value of the company's shares at the date of grant and the option exercise price in accordance with UITF Abstract 17 (revised 2003) 'Employee Share Schemes'. The credit entry for this charge is taken to the profit and loss reserve and reported in the reconciliation of movement in shareholders funds.

Comparatives

The costs in the prior year have been re-allocated between cost of sales and administrative costs to more fairly represent the operation of the group.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

2 Turnover

	2005 £	2004 £
Analysis by class of business:		
Cash and Equity Derivatives brokerage	34,455,297	23,635,136
	<u> </u>	<u> </u>
Analysis by geographical market:		
United Kingdom	24,703,592	19,619,038
North America	9,338,790	4,016,098
Hong Kong	412,915	-
	<u> </u>	<u> </u>
	34,455,297	23,635,136
	<u> </u>	<u> </u>

3 Employees

	2005 £	2004 £
Staff costs consist of:		
Wages and salaries	21,121,675	16,602,744
Social security costs	1,981,116	834,786
Shares issued	399,277	-
	<u> </u>	<u> </u>
	23,502,068	17,437,530
	<u> </u>	<u> </u>

The average number of employees, including directors, during the year was 82 (2004 - 70).

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

4 Directors

	2005	2004
	£	£
Directors' remuneration consist of:		
Emoluments and other benefits	1,917,456	4,248,185

Included in the above is £110,082 relating to shares issued at nominal value to the following directors:

	Number of £0.01 Ordinary shares	Nominal value £	Market value £
D G Wilks	4,404	44	2,586
G H Stewart	179,696	1,797	107,496
	184,100	1,841	110,082

Highest paid director:

Emoluments	1,091,184	2,015,671
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5 Operating profit

	2005	2004
	£	£
This has been arrived at after charging/(crediting):		
Depreciation	451,855	443,286
Profit on disposal of current assets investments	(100,556)	(110,588)
Profit on disposal of fixed asset investments	(1,142)	-
Operating lease rentals - land and buildings	286,905	214,622
Auditors' remuneration - audit services	53,425	49,375
- non audit services	30,339	203,896
Exchange differences	(30,648)	55,574

Included in the audit fee is an amount of £25,000 (2004 - £20,000) in respect of the company.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

6 Taxation on profit from ordinary activities

	2005 £	2004 £
<i>Current tax</i>		
UK corporation tax on profits of the year	2,398,026	841,142
Adjustment in respect of previous years	-	(252,308)
	<hr/>	<hr/>
Total current tax	<u>2,398,026</u>	<u>588,834</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>5,746,519</u>	<u>2,239,038</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 – 30 %)	1,723,956	671,711
Effects of:		
Expenses not deductible for tax purposes	217,103	55,754
Capital allowances for year in deficit/(excess) of depreciation	25,019	25,902
Higher rates of tax on overseas earnings	206,838	99,606
Other timing differences	11,447	(10,784)
Adjustment to tax charge in respect of previous years	-	(252,308)
Deferred tax asset not provided for	204,663	(1,047)
	<hr/>	<hr/>
Current tax charge for year	<u>2,398,026</u>	<u>588,834</u>

7 Dividends

	2005 £	2004 £
Ordinary shares of £0.01 each		
Interim paid of £0.29 (2004 - £ Nil) per share	<u>3,516,784</u>	<u>-</u>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

8 Tangible assets

Group	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 2005	253,439	1,315,150	716,592	2,285,181
Additions	86,320	455	386,845	473,620
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	339,759	1,315,605	1,103,437	2,758,801
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2005	114,233	982,174	489,708	1,586,115
Provided for the year	49,443	199,575	202,837	451,855
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	163,676	1,181,749	692,545	2,037,970
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2005	176,083	133,856	410,892	720,831
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	139,206	332,976	226,884	699,066
	<hr/>	<hr/>	<hr/>	<hr/>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

8 Tangible assets (Continued)

Company	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 2005	228,157	1,252,890	542,026	2,023,073
Additions	-	-	96,633	96,633
At 31 December 2005	228,157	1,252,890	638,659	2,119,706
<i>Depreciation</i>				
At 1 January 2005	105,544	965,891	385,246	1,456,681
Provided for the year	39,700	177,481	109,888	327,069
At 31 December 2005	145,244	1,143,372	495,134	1,783,750
<i>Net book value</i>				
At 31 December 2005	82,913	109,518	143,525	335,956
At 31 December 2004	122,613	286,999	156,780	566,392

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

9 Fixed assets investments

Group	Unlisted investments £
<i>Cost or valuation</i>	
At 1 January 2005	2,469
Additions	25,735
Disposals	(1,235)
	<hr/>
At 31 December 2005	26,969
	<hr/>

Company	Group undertakings £	Unlisted investments £	Total £
<i>Cost or valuations</i>			
At 1 January 2005	558,878	2,469	561,347
Additions	1,837,802	-	1,837,802
Disposals	-	(1,235)	(1,235)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	2,396,680	1,234	2,397,914
	<hr/>	<hr/>	<hr/>

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Subsidiary undertakings:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held %	Nature of business
Link Brokers Derivatives Corporation Inc.	US	100	Derivatives broker
Link Securities Hong Kong Limited	Hong Kong	100	Derivatives broker
The Link Asset & Securities Co (Pty) Limited	South Africa	100	Derivatives broker - dormant

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

10 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	5,849,030	3,338,871	4,568,562	2,587,518
Amounts owed by group undertakings	-	-	405,575	494,208
Prepayments and accrued income	1,263,829	1,230,654	1,131,182	865,260
Deferred tax asset	246,546	-	-	-
	<u>7,359,405</u>	<u>4,569,525</u>	<u>6,105,319</u>	<u>3,946,986</u>

Included in amounts owed by group undertakings is a subordinated loan of £174,378 (2004 - £260,261) to a subsidiary which is repayable in more than one year.

All other amounts shown under debtors fall due for payment within one year.

11 Current asset investments

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Listed investments	59,939	203,814	59,939	203,814

The market value of the listed shares held by the group and company at 31 December 2005 was £105,938 (2004 - £279,833).

12 Creditors: amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade creditors	511,287	190,867	235,274	160,919
Taxation and social security	165,170	119,299	162,337	119,299
Corporation tax	1,466,718	435,880	1,036,202	368,620
Other creditors	18,262	-	18,262	-
Accruals and deferred income	6,954,237	4,182,466	5,687,710	3,887,676
	<u>9,115,674</u>	<u>4,928,512</u>	<u>7,139,785</u>	<u>4,536,514</u>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

13 Share capital

	2005 Number	Authorised 2004 Number	2005 £	2004 £
Ordinary shares of £1 each	-	112,500	-	112,500
Ordinary shares of £0.01 each	100,000,000	-	1,000,000	-
	2005 Number	Allotted, called up and fully paid 2004 Number	2005 £	2004 £
Ordinary shares of £1 each	-	112,500	-	112,500
Ordinary shares of £0.01 each	11,931,987	-	119,320	-

On 24 March 2005 the authorised share capital was increased by £887,500 to £1,000,000. At this date, each share was sub-divided into 100 £0.01 shares and were redesignated to shareholders.

	Ordinary shares of £0.01	
	2005 Number	2005 £
In issue at 1 January 2005	-	-
Sub division of shares	11,250,000	112,500
Shares issued	681,987	6,820
In issue at 31 December 2005	11,931,987	119,320

On 6 May 2005, a total of 327,486 £0.01 shares were issued at nominal value to employees and directors for consideration of £3,275.

On 8 July 2005, a total of 343,817 £0.01 shares were issued at nominal value to employees and directors for consideration of £3,438.

On 27 October 2005, 10,684 shares of £0.01 were issued at nominal value to employees for consideration of £107.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

14 Reserves

Group	Profit and loss account £
At 1 January 2005	7,321,290
Translation differences on foreign currency net investments in subsidiary undertakings	133,016
UITF 17 share cost transfer	399,277
Profit for the year	3,348,493
Dividends paid	(3,516,784)
	<hr/>
At 31 December 2005	7,685,292
	<hr/>
Company	
At 1 January 2005	7,154,436
UITF 17 share cost transfer	399,277
Profit for the year	3,711,150
Dividends paid	(3,516,784)
	<hr/>
At 31 December 2005	7,748,079
	<hr/>

15 Reconciliation of movements in shareholder's funds

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Profit for the year	3,348,493	1,650,204	3,711,150	1,412,749
Dividends	(3,516,784)	-	(3,516,784)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Increase in Ordinary Share Capital	(168,291)	1,650,204	194,366	1,412,749
Other net recognised gains and losses relating to the year	6,820	-	6,820	-
UITF share cost transfer	133,016	(32,806)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to shareholder's funds	370,822	1,617,398	600,463	1,412,749
Opening shareholder's funds	7,433,790	5,816,392	7,266,936	5,854,187
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's funds	7,804,612	7,433,790	7,867,399	7,266,936
	<hr/>	<hr/>	<hr/>	<hr/>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

16 Commitments under operating leases

As at 31 December 2005, the group had annual commitments under non-cancellable operating leases as set out below:

	Group 2005 Land and buildings £	Group 2004 Land and buildings £	Company 2005 Land and buildings £	Company 2004 Land and buildings £
Operating leases which expire:				
Within one year	56,790	52,846	-	-
Within one to two years	117,939	-	-	-
Over five years	205,945	180,000	205,945	180,000
	<u>380,674</u>	<u>232,846</u>	<u>205,945</u>	<u>180,000</u>

17 Related party transactions

Ultimate controlling party

The directors consider the ultimate controlling party of the group to be C S H Davies, a director and majority shareholder of the company.

Related party transactions and balances

During the year ended 31 December 2004 the company granted a loan of £76,000 to Financial Issues Limited. J D S Booth is chairman of Financial Issues Limited and holds a 5% shareholding in the company. This amount was outstanding at 31 December 2004 was included in other debtors and a provision of £30,000 against this debt was established during that year. During the year ended 31 December 2005, this loan was fully written down.

During the year ended 31 December 2005, the company charged a management fee of £12,000 (2004 - £24,418) to Launch Partners Limited. J D S Booth and C S H Davies are directors of Launch Partners Limited. At the year ended 31 December 2005 £52,239 was outstanding (2004 - £40,239). A provision of £Nil (2004 - £40,239) was set against this debt.

18 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax and before dividends of £3,711,150 (2004 - £1,412,749) which is dealt with in the financial statements of the parent company.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

19 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	5,484,432	2,065,987
Depreciation of tangible fixed assets	451,855	443,286
(Increase)/Decrease in debtors	(2,789,880)	199,178
Increase in creditors	3,156,324	1,004,510
Profit on sale of current assets investments	(100,556)	(110,588)
Profit on sale of fixed assets investments	(1,142)	-
Employee Share Awards	399,277	-
Exchange translation differences on consolidation	133,016	(32,806)
	<hr/>	<hr/>
Net cash inflow from operating activities	6,733,326	3,569,567
	<hr/>	<hr/>

20 Reconciliation of net cash inflow to movement in net funds

	2005 £	2004 £
Increase in cash	1,865,713	2,778,716
Cash inflow from changes in liquid resources	(143,875)	(107,340)
	<hr/>	<hr/>
Movement in net funds resulting from cash flows	1,721,838	2,671,376
Opening net funds	7,091,242	4,419,866
	<hr/>	<hr/>
Closing net funds	8,813,080	7,091,242
	<hr/>	<hr/>

21 Analysis of net funds

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash in hand and at bank	6,887,428	1,865,713	8,753,141
Current assets investments	203,814	(143,875)	59,939
	<hr/>	<hr/>	<hr/>
Total	7,091,242	1,721,838	8,813,080
	<hr/>	<hr/>	<hr/>