

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

FINANCIAL STATEMENTS - 31 DECEMBER 1999

BOARD OF DIRECTORS

EE Anstee (Chairman)
RO Bernays
CN Blatchly
TJR Gordon
PMT Jones
CJL Moorsom

COMPANY SECRETARY

IN Sutton

REGISTERED OFFICE

The Registry
Royal Mint Court
London
EC3N 4EY

REGISTERED NUMBER

England: 3456361



REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year from 1 January to 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the Group is to manage investments and provide dealing facilities for private clients, pension funds, charities and unit trusts on an agency basis.

COMPARATIVE FIGURES

The accounting reference date of the Company and its subsidiaries was changed from 30 June to 31 December in 1998. Accordingly, the period under review is 12 months ending 31 December 1999 and the comparative figures are for the six months ending 31 December 1998.

REVIEW OF THE BUSINESS

UK equities performed well during the year. Having risen rapidly in the first and second quarters, the FTSE 100 index fell back in the third quarter to its opening level, only to rise by 16% in the final quarter on the back of technology stocks and merger speculation. Total funds under management at the year end were £9.6 billion of which 53% was managed on a discretionary basis, with the Group's unit trusts passing through the £1 billion mark during the year. In November the Group launched a new Global Technology fund which attracted £22 million and rose by 39% between launch and the year end. Over the year the performance of these unit trusts was particularly good with 15 out of 16 above average and 10 in the first quartile.

Following the acquisition of Albert E Sharp ("AES"), all that company's business was transferred into Capel Cure Sharp on 6 April, when settlement migration from Pershings was successfully completed. It was subsequently decided to separate institutional broking and corporate finance activities, with its own dedicated management, back into AES on 4 October and that company will start principal trading in the new year. Following the integration with AES, the Group has 22 offices throughout the UK. The combined front and back office capability will provide a broader base from which to develop a wider spectrum of product offerings to meet change in client demands and become a lifelong wealthcare provider to targeted individuals.

We believe that UK equity market levels will continue to improve over the forthcoming year. With Old Mutual plc's proposed acquisition of the Gerrard Group, it will make the combined Capel Cure Sharp/Greig Middleton business the largest high net worth private client asset manager in the UK.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in detail on page 7. The Directors do not recommend the payment of a final dividend (6 months to 31 December 1998: £nil), with £4.5 million being charged to shareholders' funds (6 months to 31 December 1998: £11.0 million charged to shareholders' funds).

DONATIONS

The Group made donations for charitable purposes of £7,000 during the year (6 months to 31 December 1998: £26,000).

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The Directors of the Company at 31 December are shown on page 1. The Directors who served during the year and to the date of this report were as follows:-

		<u>Date of appointment</u>	<u>Date of resignation</u>
EE	Anstee	19 January 1999	
RO	Bernays		
CN	Blatchly	26 February 1999	
TJR	Gordon		
PMT	Jones	26 February 1999	
JCW	Kent	28 February 2000	
MJ	Levett	28 February 2000	
BA	Marquard		19 January 1999
CJL	Moorsom	26 February 1999	

DIRECTORS' INTERESTS

None of the Directors at the year end had any disclosable interest in the share capital or loan stock of the Company or of any other Group undertaking incorporated in Great Britain during the year except as disclosed below.

The group interests of Mr. Anstee are disclosed in the financial statements of Old Mutual plc, of which he is a director.

The other Directors' interests in options over shares in Old Mutual Group Achievements Limited are as follows:

		<u>Date of grant</u>	<u>Number of shares</u>	<u>Option price Rand</u>	<u>Exercise period</u>	
					<u>Earliest</u>	<u>Latest</u>
RO	Bernays	27/03/98	837,600	11.48	27/03/01	27/03/04
		1/10/98	609,800	9.70	1/10/01	1/10/04
CN	Blatchly	1/10/98	254,600	9.70	1/10/01	1/10/04
PMT	Jones	1/10/98	524,300	9.70	1/10/01	1/10/04
CJL	Moorsom	9/12/98	415,500	10.74	9/12/01	9/12/04

EMPLOYEE POLICIES

The Directors continue to encourage employee involvement in the affairs of the Group. The Group is committed to employee involvement and has a number of consultative arrangements operating at subsidiary level which will ensure that the views of employees are taken into account. The Group has a policy of giving full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities. Appropriate training may be arranged for disabled employees to promote their career development within the Group.

REPORT OF THE DIRECTORS (continued)

CREDITOR PAYMENT POLICY

It is the Group's policy to settle all of its trading transactions on the agreed settlement date. This policy extends to other trade creditors, normally being within thirty days.

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 14 to 16 to the financial statements.

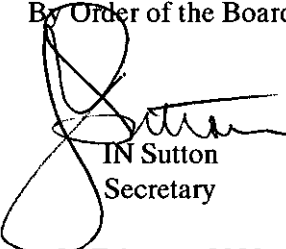
YEAR 2000

The Company is a holding company and has no direct Year 2000 issues. The Year 2000 report is shown in the Director's report of the principal operating subsidiary undertaking, Capel Cure Sharp (Holdings) Limited.

AUDITORS

A resolution to reappoint the auditors, KPMG Audit Plc, will be put to the Annual General Meeting.

By Order of the Board



IN Sutton
Secretary

28 February 2000

The Registry
Royal Mint Court
London EC3N 4EY

STATEMENT OF DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to ensure that:-

- suitable accounting policies are selected and consistently applied;
- reasonable and prudent judgments and estimates are made;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company and 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 Group 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 Group and to prevent and detect fraud and other irregularities.

AUDITOR'S RESPONSIBILITIES

It is the responsibility of the Auditor to form an independent opinion, based on its audit of the financial statements, and to report that opinion to the members of the Company. A copy of the Auditor's Report is included on page 6.

AUDITOR'S REPORT TO THE MEMBERS OF
OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc

We have audited the financial statements on pages 7 to 23.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 state of affairs of the Company and of the Group as at 31 December 1999 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8 Salisbury Square
London
EC4Y 8BB

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 February 2000

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year from 1 January to 31 December 1999

	Notes	Year to 31 December 1999 £'000	6 months to 31 December 1998 £'000
TURNOVER	2	83,186	25,582
Continuing activities		83,186	16,885
Acquired activities		-	8,697
Administrative expenses	3	(89,164)	(36,853)
		(5,978)	(11,271)
Other operating income	7	918	586
OPERATING LOSS	8	(5,060)	(10,685)
Continuing activities	9	(5,060)	(6,960)
Acquired activities	9	-	(3,725)
		533	(325)
Profit on disposal of fixed asset investments		415	-
Interest receivable	10	3,405	1,340
Interest payable	11	(3,287)	(1,665)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,527)	(11,010)
Tax on loss on ordinary activities	12	(22)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE YEAR	26	(4,549)	(11,010)

There were no other recognised gains or losses in the current year or the preceding period.

The results for the year reflect continuing activities (6 months to 31 December 1998: continuing and acquired activities – note 9).

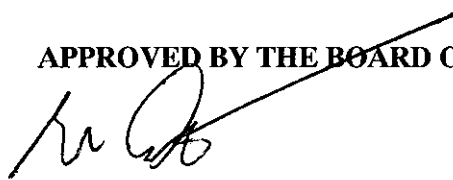
The notes on pages 10 to 23 are an integral part of these financial statements.

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

CONSOLIDATED BALANCE SHEET
as at 31 December 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS		93,703	105,225
Goodwill	14	89,649	100,521
Tangible assets	15	3,743	4,256
Investments	16	311	448
CURRENT ASSETS		128,750	88,129
Investments	17	182	65
Market and client debtors		69,475	23,930
Other debtors	18	13,454	14,837
Cash at bank and in hand	19	45,639	49,297
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	21	(94,690)	(57,697)
NET CURRENT ASSETS		34,060	30,432
TOTAL ASSETS LESS CURRENT LIABILITIES		127,763	135,657
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	22	(37,224)	(41,492)
PROVISIONS FOR LIABILITIES AND CHARGES	23	(2,143)	(1,220)
		88,396	92,945
CAPITAL AND RESERVES			
Shareholders' funds			
Called up share capital	25	105,000	105,000
Profit and loss account	26	(16,604)	(12,055)
EQUITY SHAREHOLDERS' FUNDS	27	88,396	92,945

APPROVED BY THE BOARD ON 28 FEBRUARY 2000



EE Anstee



RO Bernays

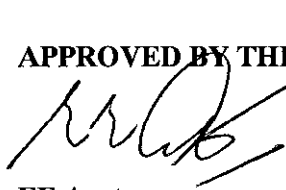
The notes on pages 10 to 23 are an integral part of these financial statements.

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

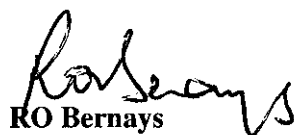
COMPANY BALANCE SHEET
as at 31 December 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS			
Investments	16	61,362	63,675
CURRENT ASSETS		81,638	86,605
Debtors	18	78,491	60,916
Cash at bank and in hand		3,147	25,689
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	21	(2,746)	(4,420)
NET CURRENT ASSETS		78,892	82,185
TOTAL ASSETS LESS CURRENT LIABILITIES		140,254	145,860
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	22	(37,103)	(40,692)
		103,151	105,168
CAPITAL AND RESERVES			
Shareholders' funds			
Called up share capital	25	105,000	105,000
Profit and loss account	26	(1,849)	168
EQUITY SHAREHOLDERS' FUNDS	27	103,151	105,168

APPROVED BY THE BOARD ON 28 FEBRUARY 2000



EE Anstee



RO Bernays

The notes on pages 10 to 23 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The particular accounting policies which have been adopted are described below:

a) Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiary undertakings. All companies within the Group make up their financial statements to the same date, 31 December.

Acquisitions of consolidated subsidiary undertakings have been accounted for by the acquisition method of accounting.

b) Goodwill

Goodwill is amortised in equal instalments over the economic life of the investments, which is considered to be twenty years for both.

c) Turnover

An investment management business has no equivalent to sales, cost of sales and gross profit. Turnover therefore comprises:

- i) gross commission and other income from acting as agent in investment business, less commissions paid away to external introducers of business;
- ii) fee income from investment management and advisory services;
- iii) profit on unit trust dealing operations;
- iv) income arising from management of clients' cash deposits; and
- v) corporate finance fees.

Turnover is stated exclusive of Value Added Tax.

d) Balances with clients and counterparties

In accordance with market practice balances with clients, Stock Exchange member firms and settlement offices are included in debtors and creditors gross for their unsettled bought and sold transactions respectively.

e) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of those transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

f) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability will crystallise in the future.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

g) Tangible fixed assets and depreciation

For all tangible fixed assets, depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

Computer equipment	- 4 years
Fixtures and fittings	- 4 to 6 years
Motor vehicles	- 3 years
Short leasehold property improvements	- to next rent review

h) Leased assets

Fixed assets leased under finance leases are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

i) Fixed asset investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in carrying value.

j) Current asset investments

Stock of units is held for sale or liquidation and is valued at the lower of cost and net realisable value.

k) Systems development

Systems development costs, including purchased software and licenses, are written off as incurred.

l) Clients' deposits

The Group holds money on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority. Such monies and the corresponding liability to clients are not shown on the face of the balance sheet as the Group is not beneficially entitled thereto. The amount held on behalf of clients at the financial year end is stated in note 30.

m) Pensions

The Group has contributed to defined contribution schemes in respect of the majority of its employees, the costs of which are charged to the profit and loss account as they accrue.

n) Cash flow statement

The Company's ultimate parent undertaking prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of an exemption in FRS1 - Cash Flow Statements, and has dispensed with the requirement to prepare a cash flow statement.

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	Year to 31 December 1999 £'000	6 months to 31 December 1998 £'000
2 TURNOVER		
Agency dealing commissions and other income	41,942	12,175
Investment management and advisory fees	30,035	10,050
Profit on unit trust dealing operations	4,342	625
Income from managing clients' cash deposits	3,473	1,425
Corporate finance fees	3,394	1,307
	<u>83,186</u>	<u>25,582</u>

Turnover is wholly attributable to United Kingdom operations.

3 ADMINISTRATIVE EXPENSES		
Staff costs (note 4)	49,592	15,830
Depreciation of tangible fixed assets	2,390	685
Amortisation of goodwill (note 14)	5,189	1,880
Exceptional reorganisation costs (note 6)	318	5,816
Other operating charges	31,675	12,642
	<u>89,164</u>	<u>36,853</u>

4 EMPLOYEES

- a) The average number employed by the Group, including Directors, within each category of person was:

Account executives and dealing staff	261	236
Settlement staff	138	97
Corporate finance and institutional broking staff	64	-
Administration and support staff	348	217
Unit trust administration staff	30	28
	<u>841</u>	<u>578</u>

- b) The costs incurred in respect of these employees were:

Wages and salaries	40,519	13,493
Social security costs	4,339	1,269
Other pension costs (note 24)	2,628	790
Other staff costs	2,106	278
	<u>49,592</u>	<u>15,830</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Year to 31 December 1999 £'000	6 months to 31 December 1998 £'000
--	---	---

5 DIRECTORS

- a) The total emoluments paid to Directors by the Company and its subsidiary undertakings were as follows:

Fees	8	-
Management remuneration	1,105	-
Pensions	35	-
	<u>1,148</u>	<u>-</u>

2 Directors are members of money purchase schemes.

The emoluments, excluding pension contributions, of the highest paid Director were

<u>348</u>	<u>-</u>
------------	----------

Pension contributions of £23,000 were also made to a money purchase scheme in respect of the highest paid Director.

- b) Directors are entitled to deal in securities through Capel Cure Sharp Limited in accordance with that Company's personal account dealing rules. These provide that Directors receive the same terms as clients except that they are entitled to reduced commission rates and they must have sufficient funds to cover any settlement liability at the time of the transaction.

6 EXCEPTIONAL REORGANISATION COSTS

Exceptional reorganisation costs relate to the Albert E Sharp group and comprise:

Staff termination and associated costs	441	2,591
New systems development	579	-
Property dilapidation and closure costs	-	975
Contract termination costs	(702)	2,250
	<u>318</u>	<u>5,816</u>

7 OTHER OPERATING INCOME

Rental and property service charges	610	531
Computer charges	177	54
Other items	131	1
	<u>918</u>	<u>586</u>

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	Year to 31 December 1999 £'000	6 months to 31 December 1998 £'000
8 OPERATING LOSS		
Operating loss is arrived at after charging:		
Loss on disposal of tangible fixed assets	71	-
Amortisation of goodwill	5,189	1,880
Depreciation of owned assets	1,733	556
Depreciation of assets held under finance leases	657	129
Auditor's remuneration - audit fees	285	288
Auditor's remuneration - other fees	171	114
Purchased software and licenses	247	6
Operating lease rentals - plant and equipment	658	246
Operating lease rentals - other	3,801	1,614

9 ANALYSIS OF RESULTS BETWEEN CONTINUING AND ACQUIRED ACTIVITIES

	6 months to 31 December 1998		
	Continuing activities £'000	Acquired activities £'000	Total £'000
Turnover	16,885	8,697	25,582
Other operating income	586	-	586
Staff costs	(10,318)	(5,512)	(15,830)
Depreciation	(359)	(326)	(685)
Amortisation	(1,339)	(541)	(1,880)
Exceptional reorganisation costs (note 6)	(3,566)	(2,250)	(5,816)
Other operating charges	(8,849)	(3,793)	(12,642)
Operating loss	(6,960)	(3,725)	(10,685)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	Year to 31 December 1999 £'000	6 months to 31 December 1998 £'000
10 INTEREST RECEIVABLE		
Bank interest	3,095	1,330
Other interest	310	10
	<u>3,405</u>	<u>1,340</u>

11 INTEREST PAYABLE		
Interest on subordinated loan from Old Mutual plc	913	-
Bank loans and overdrafts	1,855	1,646
Finance leases	13	8
Loans due within 5 years	174	-
Other	332	11
	<u>3,287</u>	<u>1,665</u>

12 TAX ON LOSS ON ORDINARY ACTIVITIES		
Taxation is based on the loss as adjusted for tax purposes for the year and comprises:		
UK Corporation tax at a rate of 30.25% (6 months to 31 December 1998: 31%)	-	-
Tax credits on franked investment income	11	-
Write off of ACT not surrendered	39	-
Prior year adjustments	(28)	-
	<u>22</u>	<u>-</u>

There were no taxable profits for the Company or the Group, after taking account of timing differences from previous periods and non-deductible expenditure such as goodwill and depreciation for the current year.

13 HOLDING COMPANY PROFIT AND LOSS ACCOUNT

The amount dealt with in the consolidated profit and loss account in respect of the Company is a loss after taxation of £2,017,000 (six months to 31 December 1998: profit of £142,000).

The Company has taken advantage of the exemption available under Section 230 of the Companies Act 1985 and, accordingly, a profit and loss account for the Company is not presented.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

14 GOODWILL

GROUP	£'000
COST	
At 1 January 1999	103,776
Adjustment to fair value calculation on acquisition of AES Holdings plc (see note below)	(5,683)
At 31 December 1999	98,093
AMORTISATION	
At 1 January 1999	3,255
Charge for the year	5,189
At 31 December 1999	8,444
NET BOOK VALUE	
At 31 December 1999	89,649
At 31 December 1998	100,521

On the acquisition of Albert E Sharp Holdings plc, surplus nominee stock positions and associated income were initially attributed a fair value of zero on the grounds of prudence. Following exhaustive enquiries, however, it has become apparent that the Group should account for £5,683,000 of such surpluses and the goodwill calculation has been adjusted accordingly.

15 TANGIBLE FIXED ASSETS

GROUP	Short leasehold improvements £'000	Computers and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
COST					
At 1 January 1999	-	4,140	212	613	4,965
Additions	617	1,080	269	110	2,076
Disposals	-	(71)	(1)	(237)	(309)
At 31 December 1999	617	5,149	480	486	6,732
DEPRECIATION					
At 1 January 1999	-	523	16	170	709
Charge for the year	92	2,056	116	126	2,390
Disposals	-	-	-	(110)	(110)
At 31 December 1999	92	2,579	132	186	2,989
NET BOOK VALUE					
At 31 December 1999	525	2,570	348	300	3,743
At 31 December 1998	-	3,617	196	443	4,256

The total net book value of assets held under finance leases at the year end was £615,000 (31 December 1998: £1,198,000).

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

16 FIXED ASSET INVESTMENTS

a) GROUP	Listed £'000	Unlisted £'000	Total £'000
COST			
At 1 January 1999	10	438	448
Additions	-	10	10
Disposals	-	(147)	(147)
At 31 December 1999	<u>10</u>	<u>301</u>	<u>311</u>
NET BOOK VALUE			
At 31 December 1999	<u>10</u>	<u>301</u>	<u>311</u>
At 31 December 1998	<u>10</u>	<u>438</u>	<u>448</u>

The market value of the listed investment at 31 December 1999 was approximately £58,000 (31 December 1998: £25,000). In the opinion of the Directors the market value of the unlisted investments is not significantly different from the £301,000 cost.

b) COMPANY	Subsidiary undertakings £'000
COST AND NET BOOK VALUE	

At 1 January 1999	63,675
Adjustment to the expected amount of deferred consideration payable	<u>(2,313)</u>
At 31 December 1999	<u>61,362</u>

The subsidiary undertakings which, in the opinion of the Directors, principally affected the amount of the profit or net assets of the Group and their nature of business were:

Capel Cure Sharp (Holdings) Limited - management company
Capel Cure Sharp Limited - investment management
Capel Cure Sharp Fund Managers Limited - unit trust management
Ridgefield Unit Trust Administration Limited - unit trust administration
Albert E Sharp Limited – institutional broking and corporate finance

All the above companies are wholly-owned, indirectly, by Old Mutual International Holdings (UK) plc, and are registered in England.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	1999	1998
	£'000	£'000
17 INVESTMENTS		
GROUP		
Stock of units in authorised unit trusts	<u>182</u>	<u>65</u>

18 DEBTORS		
GROUP		
Prepayments	3,015	3,539
Amounts owed by Capel Cure Sharp Group's pension scheme	515	184
Other debtors	<u>9,924</u>	<u>11,114</u>
	<u>13,454</u>	<u>14,837</u>
COMPANY		
Amounts owed by subsidiary undertakings	78,467	60,847
Other debtors	<u>24</u>	<u>69</u>
	<u>78,491</u>	<u>60,916</u>

19 CASH AT BANK AND IN HAND

Cash at bank in the consolidated balance sheet includes £16,510,000 (31 December 1998: £7,309,000) received in the course of settlement of client bargains. This amount is held by Capel Cure Sharp Limited in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

20 SECURED CREDITORS

Guaranteed loan notes of £2,103,000 (31 December 1998: £4,248,000) are backed by a cash deposit of £2,484,000 (31 December 1998: £4,900,000) at Nedcor Bank's London branch (note 22).

The £6 million bank loan from Bank of Scotland is secured by a first debenture over the whole assets and undertakings, including uncalled capital, of Albert E Sharp Holdings plc, a subsidiary undertaking.

OLD MUTUAL INTERNATIONAL HOLDINGS (UK) plc
and subsidiary undertakings

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	1999	1998
	£'000	£'000
21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
GROUP		
Bank overdrafts	781	474
Bank loans	7,625	7,625
Market and client creditors	63,628	25,569
Corporation tax	456	484
Other taxation and social security	4,709	4,352
Amounts owed to group undertakings	-	343
Finance lease creditors	232	674
Other creditors	6,158	5,989
Accruals and deferred income	11,101	12,187
	<u>94,690</u>	<u>57,697</u>
COMPANY		
Accruals	-	106
Other taxation and social security	199	-
Other creditors	2,547	4,314
	<u>2,746</u>	<u>4,420</u>

The bank loans at 31 December 1999 bore interest during the year as follows:

On £1,625,000 - at 1% over base rate	(31 December 1998: 1% over base rate)
On £6,000,000 - at 1.75% over base rate	(31 December 1998: 2.25% over base rate on £2m and 1.5% over base rate on £4m)

22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP

Guaranteed unsecured loan stock 31 December 2004	2,103	4,248
Subordinated loan from Old Mutual plc 2004	35,000	-
Subordinated loan from Nedcor Bank 2002	-	35,000
Other loan	90	90
	<u>37,193</u>	<u>39,338</u>
Finance lease creditors	31	248
Other creditors	-	1,906
	<u>37,224</u>	<u>41,492</u>

COMPANY

Guaranteed unsecured loan stock 31 December 2004	2,103	4,248
Subordinated loan from Old Mutual plc 2004	35,000	-
Subordinated loan from Nedcor Bank 2002	-	35,000
	<u>37,103</u>	<u>39,248</u>
Other creditors	-	1,444
	<u>37,103</u>	<u>40,692</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	1999 £'000	1998 £'000
22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)		
Guaranteed unsecured loan notes: interest at 1% below LIBOR		
Final repayment date 2004	2,103	4,248
Bank loans repayable		
Old Mutual plc 2004: interest at 0.75% above LIBOR	35,000	-
Nedcor Bank 2002: interest at 0.75% above LIBOR	-	35,000
Other bank loans (note 21)	7,625	7,625
Other loans		
Obligations under finance leases	263	922
Other	90	90
Total loans	45,081	47,885
Less: amounts included in creditors falling due within one year	(7,857)	(8,299)
Loans falling due after more than one year	37,224	39,586
Deferred consideration for acquisition of Albert E Sharp group	-	1,444
Deferred income	-	462
	<u>37,224</u>	<u>41,492</u>

The subordinated loan from Nedcor Bank was replaced with a subordinated loan from Old Mutual plc in August 1999. Interest was borne at six month LIBOR plus 0.75% (1998: six month LIBOR plus 0.75%).

The subordinated loan from Old Mutual plc does not rank for any distribution in the winding up of the Company until all other creditors have been paid in full. The loan may not be repaid unless normal prior approval has been given by the Financial Services Authority, or its successor regulatory body. The interest is borne at three monthly LIBOR plus 0.75%.

The interest rate payable on the loan notes is six month LIBOR less 1%, and capital repayments are made on 30 June and 31 December.

The other loan is interest free and is only repayable when a subsidiary of the Albert E Sharp group is wound up.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

	1999 £'000	1998 £'000
23 PROVISIONS FOR LIABILITIES AND CHARGES		
GROUP – PROPERTY PROVISIONS		
At 1 January 1999/1 July 1998	1,220	890
Transfer from (to) creditors falling due within one year	472	(83)
Charge to profit and loss	451	413
At 31 December 1999/31 December 1998	<u>2,143</u>	<u>1,220</u>
<p>The above provisions relate to the cost of properties leased but not occupied by the Group. In determining these provisions assumptions have been made as to the amounts of future rentals receivable and the level of dilapidation payments. These amounts have been discounted at a rate which reflects the current assessment of the time value of money.</p> <p>No foreseeable deferred taxation had been unprovided in the financial statements at the end of the year (31 December 1998 : £nil).</p>		
24 PENSIONS		
Defined contribution schemes		
<p>The majority of employees are included in defined contribution schemes. The cost during the year was £2,628,000 (6 months to 31 December 1998: £790,000). The Group has no obligations other than payment of pension contributions.</p>		
25 CALLED UP SHARE CAPITAL		
	1999 £'000	1998 £'000
Authorised		
115,000,000 ordinary shares of £1 each	<u>115,000</u>	<u>115,000</u>
Allotted and fully paid		
105,000,000 ordinary shares of £1 each	<u>105,000</u>	<u>105,000</u>
26 PROFIT AND LOSS ACCOUNT		
GROUP		
At 1 January 1999/1 July 1998	(12,055)	(1,045)
Retained (loss) for the year	<u>(4,549)</u>	<u>(11,010)</u>
At 31 December	<u>(16,604)</u>	<u>(12,055)</u>
COMPANY		
At 1 January 1999/1 July 1998	168	26
Retained (loss) profit for the year	<u>(2,017)</u>	<u>142</u>
At 31 December	<u>(1,849)</u>	<u>168</u>

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

27 MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999		1998	
	£'000 Company	£'000 Group	£'000 Company	£'000 Group
Shareholders' funds at 1 January 1999/ 1 July 1998	105,168	92,945	35,026	33,955
Proceeds from share capital issue	-	-	70,000	70,000
Loss for the year charged to reserves	(2,017)	(4,549)	-	(11,010)
Profit for the year credited to reserves	-	-	142	-
Shareholders' funds at 31 December	<u>103,151</u>	<u>88,396</u>	<u>105,168</u>	<u>92,945</u>

28 FINANCIAL COMMITMENTS

	1999 £'000	1998 £'000
a) OPERATING LEASES		
The Group's annual commitments under non-cancellable operating leases for the next financial year are as follows:		
Land and buildings:		
Expiring within 1 year	294	27
- after 1 year and within 5 years	276	354
- after 5 years	<u>4,357</u>	<u>4,460</u>
	<u>4,927</u>	<u>4,841</u>
Other operating leases:		
Expiring within 1 year	118	53
- after 1 year and within 5 years	<u>447</u>	<u>502</u>
	<u>565</u>	<u>555</u>
(b) FINANCE LEASES		

The net finance lease obligations to which the Group is committed are:

Expiring within 1 year	232	674
- after 1 year and within 5 years	31	218
- after 5 years	<u>-</u>	<u>30</u>
	<u>263</u>	<u>922</u>

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER (continued)

29 CONTINGENT LIABILITIES

In the ordinary course of business, Capel Cure Sharp Limited has given letters of indemnity in respect of lost certified stock transfers and share certificates, and has insured against any liability that might arise on indemnities given during the year. As members of the Financial Services Authority Limited the Group is potentially liable to make contributions to the Securities and Investment Board Investor Protection Scheme. The contingent liability arising therefrom cannot be quantified.

30 CLIENTS' DEPOSITS

At 31 December 1999 amounts held by Capel Cure Sharp Limited on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority amounted to £374,832,000 (31 December 1998: £195,642,000). The Group has no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

31 RELATED PARTY TRANSACTIONS

Capel Cure Sharp Limited earned investment management and associated administration fees during the year of £75,000 (six months to 31 December 1998: £24,000) from the pension scheme of Capel Cure Sharp (Holdings) Limited. The Company's ultimate parent undertaking prepares consolidated financial statements which are publicly available. Accordingly the Group has taken advantage of an exemption in FRS 8 - Related Party Transactions, and does not disclose transactions with other entities in the Old Mutual Group.

32 PARENT UNDERTAKINGS

Copies of these financial statements are available from:

The Secretary, Old Mutual International Holdings (UK) plc, The Registry, Royal Mint Court, London EC3N 4EY.

Ultimate parent undertaking

The ultimate parent undertaking is Old Mutual plc, incorporated in England. This is the highest UK group of undertakings for which consolidated financial statements are drawn up as at 31 December 1999. Copies of its financial statements are available from:

The Secretary, Old Mutual plc, 3rd Floor, Lansdowne House, 57 Berkeley Square, London W1X 5DH.