

**Registered Number: 4027724**

**FF&P ADVISORY LIMITED**

**Annual Report and Accounts**

**31 March 2007**

THURSDAY



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COMPANIES HOUSE

**DIRECTORS**

Sir John Craven (Chairman)  
K D Felton  
D F Fletcher  
R A Hill (appointed 4 July 2006)  
M R Garber  
G M Rochussen

**SECRETARY**

C E S Stone

**REGISTERED OFFICE**

Ely House  
37 Dover Street  
London  
W1S 4NJ

Telephone      020 7409 5600  
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**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

**REGISTERED NUMBER**

4027724

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2007

**PRINCIPAL ACTIVITIES**

The principal activity during the year was the provision of specialist corporate finance advisory services. The Company is regulated by the FSA.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

Earnings from advisory services are by their nature volatile and depend on the consummation of deals, many of which remain in the pipeline for some time. The directors are confident that mandates worked on during the year will generate significant future revenue.

The annual report and accounts of Fleming Family & Partners Limited include a review of the Group's principal business risks and uncertainties and business development and performance.

**RESULTS AND DIVIDENDS**

In the year under review, the Company recorded an operating profit of £0.6 million (2006: £0.5 million loss) on gross revenues of £2.9 million (2006: £3.2 million). At 31 March 2007, the Company had net assets of £3.1 million (2006: £2.7 million).

No interim dividends in respect of 2007 were paid during the year (2006: interim £950,000, final in respect of 2005 - £370,000). The directors do not recommend the payment of a final dividend (2006: nil).

**DIRECTORS**

The directors of the Company are listed on page 1. Mr R. A. Hill was appointed a director of the Company with effect from 4 July 2006.

**EMPLOYEES**

The Company currently has no direct employees but is charged by FFP Services Limited for the cost of staff carrying out its work.

**FINANCIAL RISK MANAGEMENT**

The Company is exposed to financial risk predominantly through the operation of its bank accounts. Balances on such accounts are generally held on short term notice and are therefore subject to short term variations in interest rates.

**Currency risk**

The Company's income and expenses, assets and liabilities are generally denominated in sterling. The Company ensures that the exposure to net assets held in foreign currency is monitored and reduced as appropriate.

**Market risk**

The Company is remunerated in some instances with equity stakes in its clients. Such income is affected by the impact of movements in the value of the relevant securities. It is not currently the policy of the Company to seek to reduce the exposure of the Company through hedging mechanisms.

**Credit risk**

Significant Advisory mandates are only agreed following approval from the Risk Management Group.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year that 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 year. 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 United Kingdom 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 Company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

**COMPANIES ACT 1985**

An elective resolution under section 379A of the Companies Act 1985 is in force dispensing with the requirement for the holding of annual general meetings, laying of accounts before shareholders at general meetings and the re-election of auditors

By order of the Board



C E S Stone  
Secretary

29 June 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FF&P ADVISORY LIMITED**

We have audited the financial statements of FF&P Advisory Limited for the year ended 31 March 2007 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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.

**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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*London*

*29 June 2007*

## Profit and Loss Account for the year ended 31 March 2007

	<b>Note</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Turnover		2,851	3,191
Administrative expenses	3	(2,292)	(3,698)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>559</b>	<b>(507)</b>
Interest receivable and similar income		7	36
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>566</b>	<b>(471)</b>
Tax on profit/(loss) on ordinary activities	5	(170)	506
<b>Profit for the financial year</b>		<b>396</b>	<b>35</b>
Dividends	6	-	(1,320)
<b>Retained profit/(loss) for the financial year</b>		<b>396</b>	<b>(1,285)</b>

All turnover is attributable to continuing operations

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented


There is no difference between the profit before taxation and the retained profit for the financial year stated above and their historical cost equivalents



## Balance Sheet at 31 March 2007

	Note	2007 £'000	2006 £'000
<b>Current assets</b>			
Debtors	7	3,149	2,472
Investment	8	900	900
Cash at bank and in hand		56	15
		<b>4,105</b>	<b>3,387</b>
<b>Creditors – amounts falling due within one year</b>	9	<b>(1,024)</b>	<b>(702)</b>
<b>Net current assets</b>		<b>3,081</b>	<b>2,685</b>
<b>Total assets less current liabilities</b>		<b>3,081</b>	<b>2,685</b>
<b>Net assets</b>		<b>3,081</b>	<b>2,685</b>
<b>Capital and reserves</b>			
Called up share capital	10	2,650	2,650
Profit and loss account	11	431	35
<b>Total shareholder's funds</b>	12	<b>3,081</b>	<b>2,685</b>

The financial statements on pages 7 to 13 were approved by the board of directors on 29 June 2007 and were signed on its behalf by

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a 'D' and a 'F', with a long horizontal line extending to the right.

K D Felton  
Director

The accounting policies and notes to the accounts on pages 9 to 13 form part of these financial statements

Notes to the financial statements for the year ended 31 March 2007

**1. Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

*Turnover* – Turnover principally comprises fee income received for the provision of advisory services. Advisory fees are recognised when earned. Where remuneration for advisory services is received by an instrument, other than in cash, the initial revenue recognised is equivalent to the projected cash fee forgone, with the balance recognised when the instrument is realised in cash.

*Foreign currencies* - All foreign currency transactions have been converted into sterling at the mid-market rate prevailing on the date that the transaction is booked. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling on the balance sheet date. Exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

*Investments* - Investments are held at cost unless the Directors consider there has been a diminution in value, in which case such investments will be held at attributable net asset value.

**2. Cash flow statement and related party disclosures**

As permitted by FRS1 (revised 1996) the Company's cash flow statement has not been included as it is a wholly-owned subsidiary of Fleming Family & Partners Limited and its cash flow appears as part of the Group consolidated cash flow in the Group's accounts.

The Company has taken advantage of the provisions of FRS8, which exempts it from disclosing related party transactions where the related party is part of the Fleming Family & Partners Group or is an investor in the Group.

**3. Operating profit/(loss)**

Salary costs are not borne directly by the Company but are charged to the Company by FFP Services Limited, a fellow subsidiary within the Fleming Family & Partners Limited Group. FFP Services charges the Company for staff costs and central services. This includes audit costs in respect of the Company. Total charges for the year amounted to £1.4 million (2006: £2.7 million).

## 4. Directors' emoluments

FFP Services Limited pays salaries to and makes pension contributions on behalf of directors of the Company. No directors' fees for services of directors of the Company are paid by this Company.

	2007 £'000	2006 £'000
Aggregate emoluments & benefits under Long Term Incentive Plan	749	380
Company contributions to money purchase pension scheme	35	28
	<b>784</b>	<b>408</b>
<b>Highest paid director</b>		
Aggregate emoluments	300	252
Pension scheme	6	20
	<b>306</b>	<b>272</b>

Retirement benefits are accruing to 4 (2006: 3) directors under a money purchase pension scheme.

## 5. Tax on profit/(loss) on ordinary activities

	2007 £'000	2006 £'000
<b>Current tax:</b>		
UK corporation tax on profits/(losses) of the year	170	(521)
Prior year adjustments	-	-
<b>Total current tax</b>	<b>170</b>	<b>(521)</b>
Origination and reversal of timing differences	-	15
<b>Total deferred tax</b>	<b>-</b>	<b>15</b>
<b>Tax charge/(credit) on profit/(loss) on ordinary activities</b>	<b>170</b>	<b>(506)</b>

The tax assessed for the period is the same as (2006: lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2007 £'000	2006 £'000
Profit/(loss) on ordinary activities before tax	566	(471)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	170	(141)
Effects of		
Receivable for group relief at 100%	-	(365)
Timing differences	-	(15)
<b>Current tax charge/(credit) for the year</b>	<b>170</b>	<b>(521)</b>

**6. Dividends**

	2007 £'000	2006 £'000
Interim paid in respect of 2006 35 85p per £1 share	-	950
Final paid in respect of 2005 13 96p per £1 share	-	370
	-	<b>1,320</b>

**7. Debtors**

	2007 £'000	2006 £'000
Trade debtors	1,530	1,509
Amounts owed by group undertakings	958	280
Group relief	-	676
Other debtors	11	7
Prepayments and accrued income	650	
	<b>3,149</b>	<b>2,472</b>

Amounts owed by group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment

**8. Current asset investment**

	2007 £'000	2006 £'000
Unlisted equity securities	900	900

The investment is valued at the private placing price at the time the shares were acquired

**9. Creditors – amounts falling due within one year**

	2007 £'000	2006 £'000
Amounts owed to group undertakings	278	63
Corporation tax	82	-
Accruals and deferred income	664	639
	<b>1,024</b>	<b>702</b>

Amounts owed to group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment

**10. Called up share capital**

	2007 £'000	2006 £'000
<b>Authorised</b>		
3,000,000 ordinary shares of £1 each	3,000	3,000
	<b>3,000</b>	<b>3,000</b>
<b>Allotted and fully paid</b>		
2,650,000 ordinary shares of £1 each	2,650	2,650
	<b>2,650</b>	<b>2,650</b>

**11. Profit and loss account**

	2007 £'000
At 1 April 2006	35
Retained profit for the financial year	396
<b>At 31 March</b>	<b>431</b>

**12. Reconciliation of movement in shareholder's funds**

	2007 £'000	2006 £'000
Profit for the year	396	35
Dividends	-	(1,320)
<b>Net change in shareholder's funds</b>	<b>396</b>	<b>(1,285)</b>
Opening shareholder's funds	2,685	3,970
<b>Closing shareholder's funds</b>	<b>3,081</b>	<b>2,685</b>

**13. Contingent liabilities**

The Company had no contingent liabilities at 31 March 2007 (2006 none)

**14. Other related party transactions**

*High Tops Gold Limited/Highland African Mining Company Limited/Highland Gold Mining Limited/Highland African Ventures Limited* – The Company has provided services to, or been reimbursed expenses incurred on behalf of, these companies whose shareholders include discretionary trusts, of which a Group director is a beneficiary

*Lochside (International) Limited* – The Company has provided services to this company, of which a Group director is a director

*Abacus Investments Limited* – The Company has provided services to this company, of which one of the directors is Chairman

	2007			2006		
	Amounts payable by the Company in the year £'000	Amounts receivable by the Company in the year £'000	Balance due to Company at 31 March £'000	Amounts payable by the Company in the year £'000	Amounts receivable by the Company in the year £'000	Balance due to Company at 31 March £'000
High Tops Gold Limited	-	-	-	-	197	-
Highland Africa Mining Company Limited	-	248	-	-	-	-
Highland Gold Mining Limited	-	-	-	-	175	-
Highland African Ventures Limited	-	1,523	1,523	-	-	-
Lochside (International) Limited	-	-	-	-	-	-
Abacus Investments Limited	-	80	5	-	-	-
	-	1,851	1,528	-	372	-

#### 15. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Fleming Family & Partners Limited, a company incorporated in England (registered number 4006741). Copies of the Group's consolidated financial statements can be obtained from the Company Secretary at 37 Dover Street, London W1S 4NJ.