

Marshalls (London) Investment Limited  
Directors' Report & Accounts  
31 March 2000  
Registered Number: FC12068

*N/A*



**Marshalls (London) Investment Limited**

Directors' Report & Accounts

Year ended 31 March 2000

<b>Page</b>	<b>Contents</b>
2	Directors' Report
4	Auditors' Report
5	Profit and Loss Account
6	Balance Sheet
7	Notes to the Accounts

The directors have pleasure in submitting their report and accounts of the Company for the year ended 31 March 2000.

**Business review**

The Company acts as an investment holding company. The results for the year are set out in the attached profit and loss account.

On 15 February 1999, the Company's then ultimate parent company, Marshalls Finance Limited (renamed Prebon Group Limited with effect from 28 May 1999), entered into an acquisition agreement to acquire Fulton Prebon Group Limited. The acquisition became effective on 28 May 1999 (see Note 6).

**Results and dividends**

The profit on ordinary activities after taxation for the year was £9,000 (1999: £50,183). The retained profit for the period of £9,000 (1999: £50,183) has been transferred to reserves.

The directors do not recommend payment of a dividend (1999: £nil).

**Year 2000**

The directors are satisfied that no significant Year 2000 related problems have arisen prior to, on or after 1 January 2000, which will affect the activities of the Company. However, the situation continues to be monitored.

**Responsibilities of the directors**

It is the responsibility of 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 as at the end of the financial year and of the profit or loss for that period. The directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the financial statements. It is also the responsibility of the directors to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and to ensure those financial statements comply with the Companies Ordinance. The directors are also responsible for maintaining adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

**Directors and their interests**

The directors of the Company during the year were as follows:

S A Collis (appointed 2 November 1999)  
M J W Potter (resigned 2 November 1999)  
J A L Riley (resigned 30 June 2000)  
J S Y Lam (appointed 30 June 2000)  
P L C Pao (appointed 30 June 2000)

No director had any interest in the issued share capital of the Company.

No contracts of significance to which the Company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

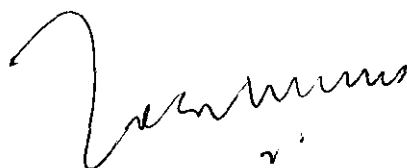
**Management contracts**

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

**Auditors**

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors and offer themselves for re-appointment.

On behalf of the Board



*Chairman of the meeting*

30 July 2001

*Registered Office:*  
15th Floor  
38 Gloucester Road  
Wanchai  
Hong Kong

*Company number:*  
30803

*United Kingdom Representative:*  
2<sup>nd</sup> Floor  
155 Bishopsgate  
London  
EC2N 3DA  
United Kingdom

*Registered number:*  
FC12068

羅兵咸永道會計師事務所

PricewaterhouseCoopers  
33rd Floor Cheung Kong Center  
2 Queen's Road Central  
Hong Kong  
Telephone (852) 2289 8888  
Facsimile (852) 2810 9888

**AUDITORS' REPORT TO THE MEMBERS OF  
MARSHALLS (LONDON) INVESTMENT LIMITED**  
(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 5 to 9 which have been prepared in accordance with accounting principles generally accepted in the United Kingdom.

**Respective responsibilities of directors and auditors**

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of audit opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

  
**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 July 2001

**Marshalls (London) Investment Limited****Profit and Loss Account****Year ended 31 March 2000**

	<b>Note</b>	<b>2000 £</b>	<b>1999 £</b>
Operating expenses		<u>7,992</u>	<u>46,630</u>
Profit on ordinary activities before taxation	<b>2</b>	7,992	46,630
Taxation	<b>3</b>	1,008	3,553
		<u>          </u>	<u>          </u>
Profit on ordinary activities after taxation	<b>5</b>	<u><u>9,000</u></u>	<u><u>50,183</u></u>

There were no other gains or losses in the financial year other than those shown above.

The results above are in respect of continuing operations.

The notes on pages 7 to 9 form an integral part of these accounts.

**Marshall's (London) Investment Limited**

**Balance Sheet**

**31 March 2000**

	Note	2000 £	1999 £
<b>Investment in subsidiary undertaking</b>	<b>4</b>	<u>2,065,919</u>	<u>2,054,567</u>
<b>Current assets</b>			
Taxation		34,167	33,160
Cash and bank balances		<u>6,500</u>	<u>6,513</u>
		<u>40,667</u>	<u>39,673</u>
<b>Creditors (amounts falling due within one year)</b>			
Amounts due to immediate holding company		-	1,229,396
Amounts due to fellow subsidiary undertaking		1,232,742	-
Taxation		<u>105,330</u>	<u>105,330</u>
		<u>1,338,072</u>	<u>1,334,726</u>
<b>Net current liabilities</b>		<u>(1,297,405)</u>	<u>(1,295,053)</u>
<b>Total assets less current liabilities</b>		<u>768,514</u>	<u>759,514</u>
<b>Capital and reserves</b>			
Called up share capital authorised, issued and fully paid, 1,000 ordinary shares of HK\$10 each		813	813
Profit and loss account	<b>5</b>	<u>767,701</u>	<u>758,701</u>
<b>Total shareholders' funds</b>		<u>768,514</u>	<u>759,514</u>

Approved by the board on 30 July 2001  
and signed on their behalf by:



J S Y Lam - Director  
P L C Pao - Director

The notes on pages 7 to 9 form an integral part of these accounts.

**1 Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Investments in subsidiary undertakings**

The values of investments in subsidiary undertakings are shown at cost. The profit or loss on disposal of investments is dealt with through the profit and loss account and any permanent diminution of value is charged to the profit and loss account.

**Turnover**

Turnover represents dividend and interest income.

**Foreign currency**

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the period end. Exchange gains and losses are taken to the profit and loss account.

**Deferred taxation**

No provision is made for deferred taxation in respect of timing differences except where, in the opinion of the directors, it is expected that a tax payment or credit will crystallise in the foreseeable future.

**Cash flow statement**

As the Company is a wholly owned subsidiary undertaking of a parent company registered in England and Wales which prepares a consolidated cash flow statement, it is not required to present a cash flow statement in these accounts.

**Related parties**

The Company has taken advantage of the exemption granted to wholly owned and controlled subsidiary undertakings by FRS 8, Related Party Disclosures, not to disclose related party transactions with members of the Group or associates of other group members.

**2 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging/(crediting):-

	2000 £	1999 £
Auditors' remuneration - non audit work	823	8,552
Exchange differences	<u>(11,386)</u>	<u>(57,470)</u>

No fees or other emoluments have been paid to directors of the Company for services during the year (1999: £Nil). The audit fee of £3,000 (1999: £3,000) is borne by an intermediate holding company.

**3 Taxation**

	2000	1999
	£	£
The tax credit comprises:		
Corporation tax at 30%(31%)	<u>1,008</u>	<u>3,553</u>

The Company has not earned any income subject to Hong Kong profits tax.

**4 Investment in subsidiary undertaking**

	2000	1999
	£	£
Unquoted shares at cost	455,846	455,846
Loan	<u>1,610,073</u>	<u>1,598,721</u>
	<u>2,065,919</u>	<u>2,054,567</u>

The unquoted shares represent the cost of the ordinary share capital and all of the voting rights of M.W. Marshall (Hong Kong) Limited. The company, which is wholly owned, is incorporated and operates in Hong Kong.

In the directors' opinion the value of the shares in the subsidiary undertaking is not less than the aggregate amount at which it is stated in the balance sheet.

The post acquisition profits of the subsidiary undertaking dealt with in the Company's accounts amounts to HK\$ Nil (1999: HK\$ Nil) whilst those not dealt with in the Company's accounts amount to HK\$1,922,216 loss (1999: HK\$12,797,791 loss). The net aggregate amount of post acquisition profits of the subsidiaries not dealt with in the Company's accounts amounts to HK\$176,390,728 (1999: HK\$178,312,945).

Group accounts have not been prepared as the Company is a wholly owned subsidiary of another body corporate, registered in England.

**5 Profit and loss account**

£

At 1 April 1999	758,701
Retained profit for the period	<u>9,000</u>
At 31 March 2000	<u><u>767,701</u></u>

**6 Ultimate holding company**

At 31 March 1999, the ultimate holding and controlling company was Marshall's Finance Limited which is registered in England and Wales. On 9 October 1998, the Boards of Fulton Prebon Group Limited and Marshall's Finance Limited announced their intention to combine the two groups and an acquisition agreement was signed on 15 February 1999. The shareholders of Marshall's Finance Limited voted in favour of the acquisition at an extraordinary general meeting on 29 March 1999. Following the requisite sanctions of the High Court of Justice Chancery Division - Companies Court, the acquisition was effected on 28 May 1999 and FPG Holdings Limited became the ultimate holding company of Marshall's Finance Limited (which was immediately renamed Prebon Group Limited) and its subsidiary undertakings.

Prebon Group Limited is the only company to consolidate the results of the Company up to 28 May 1999 and copies of the consolidated accounts can be obtained from the Company Secretary, Prebon Group Limited, 2<sup>nd</sup> Floor, 155 Bishopsgate, London EC2N 3DA.

Prebon Group Limited and its parent, FPG Holdings Limited, both consolidate the results of the Company thereafter and copies of the consolidated accounts can be obtained from the Company Secretary, Prebon Group Limited, 2<sup>nd</sup> Floor, 155 Bishopsgate, London EC2N 3DA.

**7 Approval of the accounts**

The accounts were approved by the board of directors on 30 July 2001