

Registration Number 1627626

# **Guinness Mahon Group Limited**

**Report and Financial Statements**

31 March 2002



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# Guinness Mahon Group Limited

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## DIRECTORATE AND CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

S M Burgess

A Tapnack

B Thakker

### **SECRETARY**

G Davies-Ratcliff

### **AUDITOR**

Ernst & Young LLP

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

### **COMPANY REGISTRATION**

Registration Number 1627626

Registered Office: 2 Gresham Street

London, EC2V 7QP

**DIRECTORS' REPORT**

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 March 2002.

**PRINCIPAL ACTIVITY**

The company's principal activity remains that of a holding company and it will continue to operate in this capacity for the foreseeable future.

**RESULTS AND FUTURE PROSPECTS**

The results for the year are shown on page 5. The directors do not recommend the payment of a dividend for the year ended 31 March 2002 (2001 – nil).

**DIRECTORS**

The current directors of the company are listed on page 1.

None of the directors had any interests in the shares of the Company or in any group companies requiring disclosure under Schedule 7 of the Companies Act 1985.

No other person was a director at any time during the year under review.

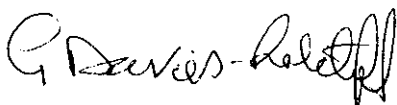
**SUPPLIERS**

The Group's standard practice is to agree the terms of payment with suppliers at the time of contract and to make payments within the agreed credit term subject to satisfactory performance.

**AUDITOR**

The company has passed an elective resolution pursuant to Section 379A of the Companies Act 1985 dispensing with the holding of annual general meetings, the laying of annual reports and financial statements before shareholders in general meeting. In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditor annually; accordingly, Ernst & Young LLP remain in office.

By order of the Board of Directors



G Davies-Ratcliff  
Secretary  
29 January 2003

STATEMENT OF 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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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.

## REPORT OF THE AUDITOR

### **Independent auditor's report to the members of Guinness Mahon Group Limited**

We have audited the company's financial statements for the year ended 31 March 2002 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 the United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprised of the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

## REPORT OF THE AUDITOR

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

31 January 2003

# Guinness Mahon Group Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2002

	Notes	31/3/02 £	31/3/01 £
Operating income	2	-	119,237
Operating expenses	3	(394,769)	(173,009)
<b>OPERATING LOSS</b>		(394,769)	(53,772)
Profit on the sale of subsidiary undertakings		-	74,121,600
Release (increase) provision against investment in subsidiary		(23,856,804)	86,297
Provision against other investments	7	(208,374)	(5,512,634)
Profit on sale of investments		2,862,159	3,154,635
Release of provision against property		-	500,000
Dividends from subsidiary undertakings		-	2,229,000
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(21,597,788)	74,525,126
Interest receivable	5	507,719	719,117
Interest payable and similar charges	5	(84,707)	(346,916)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(21,174,776)	74,897,327
Taxation	6	-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(21,174,776)	74,897,327

The above activities are continuing.

There are no recognised gains or losses in the financial year other than those passed through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.



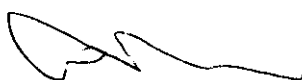
# Guinness Mahon Group Limited

## BALANCE SHEET

at 31 March 2002

	Notes	31/3/02 £	31/3/01 £
<b>FIXED ASSETS</b>			
Investments	7	3,119,584	27,453,211
<b>CURRENT ASSETS</b>			
Debtors	8	89,098,498	93,766,783
Cash at bank		2,819,650	5,880,874
		91,918,148	99,647,657
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	(4,248,212)	(15,202,569)
<b>NET CURRENT ASSETS</b>		87,669,936	84,445,088
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		90,789,520	111,898,299
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	(49,700,000)	(49,700,000)
Provisions for liabilities and charges	12	(1,826,168)	(1,760,171)
		39,263,352	60,438,128
<b>CAPITAL RESOURCES</b>			
Called up share capital	13	34,663,002	34,663,002
Share premium account		10,545,015	10,545,015
Profit and loss account		(5,944,665)	15,230,111
<b>EQUITY SHAREHOLDERS' FUNDS</b>		39,263,352	60,438,128

The financial statements on pages 6 to 12 were approved by the Board of Directors on 29 January 2003 and signed on its behalf by:



S M Burgess  
Director

# Guinness Mahon Group Limited

## NOTES FOR THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

### 1. ACCOUNTING POLICIES

#### Basis of presentation

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

#### Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate holding company, Investec Holdings Limited.

#### Pension plan costs

Pension plan costs in respect of members of defined contribution (money purchase) schemes are charged to profit and loss as they fall due. The Group has both contributory and non-contributory schemes in operation.

#### Taxation

Corporation tax payable is provided on taxable profits at the current rate. The company has adopted the provisions of Financial Reporting Standard 19 "Deferred Taxation". FRS 19 requires full provision to be made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computations. Under FRS 19 deferred tax assets are recognised to the extent that they are regarded as recoverable.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated into sterling at the exchange rates ruling at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### Financial investments

Financial investments are unlisted investments other than debt securities and are stated at cost less provision for any impairment in value.

#### Related party transactions

The directors have taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties within the Group.

#### Group accounts

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare Group accounts because the Company is a wholly owned subsidiary of another company incorporated in Great Britain.

### 2. OPERATING INCOME

	31/3/02	31/3/01
	£	£
Rent	-	108,792
Release of provisions against investments	-	-
Other income	-	10,445
	<u>-</u>	<u>119,237</u>

Rent receivable from sub-let premises which are no longer in use in the Group has been offset against operating lease rentals and the net cost has been charged against provisions established in prior periods (see note 12).

# Guinness Mahon Group Limited

## NOTES FOR THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

### 3. OPERATING EXPENSES

	31/3/02 £	31/3/01 £
Operating lease rentals for premises	24,500	49,000
Surrender of lease	61,750	-
Other operating expenses	308,519	124,009
	<u>394,769</u>	<u>173,009</u>

The cost of operating lease rentals (net of rent from sub-tenants) has been charged against provisions established prior periods (see note 12).

The auditor's remuneration has been borne by another group company. The company has no employees.

### 4. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec Holdings (UK) Limited and its subsidiaries ("the Group") in respect of their services to the Group as a whole, and it is therefore considered that there is no appropriate basis on which they can apportion part of their remuneration for their services to the company.

### 5. INTEREST RECEIVABLE AND PAYABLE

	31/3/02 £	31/3/01 £
<b>INTEREST RECEIVABLE</b>		
Interest receivable from group undertakings	212,751	316,046
Other interest receivable	240,884	403,071
Exchange gain	54,084	-
	<u>507,719</u>	<u>719,117</u>
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Interest payable to group undertakings	84,707	152,954
Exchange loss	-	193,962
	<u>84,707</u>	<u>346,916</u>

### 6. TAXATION

	31/3/01 £	31/3/00 £
Group relief receivable based on result for the period	-	-

There is no tax charge for the year because of the surrender of tax losses by group companies for nil consideration.

# Guinness Mahon Group Limited

## NOTES FOR THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

### 7. INVESTMENTS

	Shares in Subsidiaries £	Other £	Total £
Cost			
At 1 April 2001	31,275,701	6,109,457	37,385,158
Disposals	-	(4,334,494)	(4,334,494)
At 31 March 2002	31,275,701	1,774,962	33,050,663
Provisions			
At 1 April 2001	4,419,313	5,512,634	9,931,947
Charge	23,856,804	208,373	24,065,177
Disposals	-	(4,066,045)	(4,066,045)
At 31 March 2002	28,276,117	1,654,962	29,931,079
Net book value at 31 March 2002	2,999,584	120,000	3,119,584
Net book value at 31 March 2001	26,856,388	596,823	27,453,211

Principal operating subsidiaries	Nature of business	Interest %
Guinness Mahon Group Services Limited	Holding Company	100
Henderson Crosthwaite Holdings Limited	Holding Company	100
HCIB Securities - in liquidation	Holding Company	100
Investec Asset Management Limited	Fund Management	66.1

All the above subsidiary undertakings incorporated in Great Britain have their respective registered offices in England and Wales.

### 8. DEBTORS

	31/3/02 £	31/3/01 £
Amounts owed by parent undertaking	88,886,660	93,102,798
Amounts owed by Group undertakings	35,221	33,768
Other debtors	19,164	192,919
Prepayments and accrued income	3,494	86,176
Group relief receivable	153,959	351,122
	<u>89,098,498</u>	<u>93,766,783</u>

# Guinness Mahon Group Limited

## NOTES FOR THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

### 9. DEFERRED TAXATION

There is a deferred tax asset of £596,682 (2001: £795,575). The deferred tax asset has not been recognised as the directors anticipate that, to a material extent, as the asset crystallises it will generate tax losses which will be group relieved with no payment to the company.

### 10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/3/02 £	31/3/01 £
Amounts owed to Group undertakings	1,273,221	12,139,838
Other creditors	18,616	530,968
Accruals and deferred income	2,956,375	2,531,763
	<u>4,248,212</u>	<u>15,202,569</u>

### 11. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/3/02 £	31/3/01 £
Amounts owed to parent undertaking	<u>49,700,000</u>	<u>49,700,000</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	31/3/02 £	31/3/01 £
At beginning of year	1,760,171	2,024,005
Utilisation	<u>65,997</u>	<u>(263,834)</u>
At end of year	<u>1,826,168</u>	<u>1,760,171</u>

£746,593 (31/3/01: £775,003) provision has been made in respect of the estimated liability for operating leases relating to properties no longer in use in the Group. Provision of £1,079,575 (31/3/01: £985,138) relates to indemnities given on the sale of Group undertakings.

### 13. CALLED UP SHARE CAPITAL

	31/3/02 £	31/3/01 £
<b>Authorised</b>		
Ordinary shares of 25p each – 140,152,000	<u>35,038,000</u>	<u>35,038,000</u>
<b>Issued, allotted and fully paid</b>		
Ordinary shares of 25p each – 138,652,008	<u>34,663,002</u>	<u>34,663,002</u>

# Guinness Mahon Group Limited

## NOTES FOR THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

### 14. RECONCILIATION OF SHAREHOLDERS' EQUITY

	31/3/02 £	31/3/01 £
Retained (loss)/profit for the year	(21,174,776)	74,897,327
Opening shareholders' equity	<u>60,438,128</u>	<u>(14,459,199)</u>
Closing shareholders' equity	<u>39,263,352</u>	<u>60,438,128</u>

### 15. COMMITMENTS UNDER OPERATING LEASES

The Company has commitments in respect of non-cancellable operating leases. The rentals payable under these leases in the next year are as follows:

	31/3/02 Premises £	31/3/01 Premises £
Leases which expire:		
In one to two years	-	50,000
In over five years	<u>3,106,780</u>	<u>3,106,780</u>
	<u>3,106,780</u>	<u>3,106,780</u>

### 16. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Investec Group (UK) plc.

The ultimate parent undertaking and controlling party as at the financial year end was Investec Holdings Limited, a company incorporated in the Republic of South Africa and quoted on the Johannesburg Stock Exchange. The consolidated financial statements of this Group are available to the public and may be obtained from Investec Holdings Limited's principal place of business: 100 Grayston Drive, Sandown, Sandton, 2196, South Africa or from Investec Holdings (UK) Limited at 2 Gresham Street, London, EC2V 7QP.

The parent undertaking of the largest group in the United Kingdom which includes the company and for which group financial statements are prepared is Investec Holdings (UK) Limited a company registered in England and Wales. Copies of the UK group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.