ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO, SC

Walker, Crips, Weddle, Beck Plc

Financial statements 31 March 1995
together with chairman's statement and directors' and auditors' reports

Registered number: 1432059

Contents

Directors, officers and other information

Executive directors

L.G. Byford - Chairman (Dealing)
M.J. Sunderland FCA (Finance)
R. Field (Compliance)
S.V. Simper (Administration)
N.J. Simmonds (Investorlink)

Non-executive directors

H.M. Lim
H.S. Loh

Secretary

J.M. Newsome ACA

Auditors

Arthur Andersen

Principal bankers

Midland Bank plc
Barclays Bank plc

Registered Office

Sophia House
76/80 City Road
London EC1Y 2BJ

Chairman's statement

For the period ended 31 March 1995

The year ended March 1994 was a remarkably good year and extremely hard to follow. The year ended March 1995 proved to be the second worst year for the UK stock market since 1974, government bond markets had a very poor year as did shares. Understandably nervous investors remained on the sidelines. The good news is that your company performed better than many others in the stockbroking fraternity. Pre-tax profits for the 53 weeks ended March 1995 emerged at £373,000 compared with £1,272,000 the previous year. Turnover declined from £6,963,000 in 1993/94 to £4,870,000 in 1994/95.

The directors have recommended a final dividend on A shares of 1.5p, which added to the interim dividend of 1.5p will produce a total for the year of 3.0p (1994 - 10p).

Progress

1994/95 was really a year of consolidation and expenditure controls. However, one exception was our fee income comprising PEP administration and cash deposit management, where this increased from £228,000 to £351,000. We now have almost £50 million under PEP administration and look forward to selling our new high income plan when government legislation allows.

Associated members and staff

We have increased our business substantially over the last few years and I am particularly indebted to our associates and staff who have ensured that the quality of service to our customers has been maintained despite the difficulties created by the rapid changes in the financial services industry.

Outlook

The current economic outlook remains favourable. A combination of low inflation and low interest rates offer a better prospect of sustained economic growth than we have seen for years. WCWB has always been private investor orientated, with a belief in customer service combined with new products. I remain confident that the company possesses the necessary expertise and ambition to grow steadily throughout the 1990's.

L.G. Byford

Chairman

Directors' report

For the period ended 31 March 1995

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the period ended 31 March 1995.

Principal activities and business review

The principal activities of the company continue to be stock and share broking, administration of Personal Equity Plans and managing clients' deposits.

Turnover decreased by £2,093,000 (30%) (period ended 25 March 1994 - increased by £2,134,000 (44%)) during the period.

Future Developments

The directors plan to develop the company's existing products and to seek out opportunities to expand its private client business as and when they emerge.

Results and dividends

Results, distributions and retained profits are as follows:

	£'000
Retained profit at 25 March 1994	867
Profit for period after taxation	273
Dividends paid	
- £1 'A' ordinary of 1.5p per share	(18)
Dividends proposed	
- £1 'A' ordinary of 1.5p per share	(18)
- £1 'B' ordinary of 8.5p per share	(7)
Retained profit at 31 March 1995	1,097

Directors and their interests

The directors of the company who served during the period are listed below together with their beneficial interests in the shares of the company at the beginning and end of the period.

	'A' class	
	1995	1994
L.G. Byford (chairman)	260,834	260,834
M.J. Sunderland	211,660	211,660
R. Field	46,834	46,834
S.V. Simper	25,834	25,834
N.J. Simmonds	29,446	29,446
H.M. Lim (non-executive)	-	-
H.S. Loh (non-executive)	-	-

Directors' report (continued)

Directors and their interests (continued)

L.G. Byford and M.J. Sunderland hold 80,000 'B' shares as trustees on behalf of Niloda Ltd.

H.M. Lim and H.S. Loh are directors of Phillip Capital Management pte Limited, a company which had a direct investment of 522,000 'A' class shares in the company at 31 March 1995 (25 March 1994 - 522,000).

Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 to the financial statements.

Share capital

On 10 May 1994, all authorised and unissued 'C' and 'D' convertible redeemable cumulative preference shares of £1 each were converted into authorised and unissued 'A' ordinary shares of £1 each.

Further information relating to share capital is contained in note 14 to the financial statements.

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 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 company 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.

Directors' report (continued)

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing period.

Sophia House
76/80 City Road
London
EC1Y 2BJ

By order of the Board,

J.M. Newsome

J.M. Newsome

J.M. Newsome ACA

Secretary

13 June 1995

ARTHUR ANDERSEN

Auditors' report

London

To the Shareholders of Walker, Crips, Weddle, Beck Plc:

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 company's state of affairs at 31 March 1995 and of the profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

13 June 1995

Profit and loss account

For the period ended 31 March 1995

	Notes	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Turnover	1i,2	4,870	6,963
Commission payable	1d,3	(1,328)	(2,054)
Gross profit		3,542	4,909
Administrative expenses		(3,164)	(3,541)
Other operating expenses	4	(2)	(94)
Operating profit		376	1,274
Interest payable and similar charges	5	(3)	(2)
Profit on ordinary activities before taxation	6	373	1,272
Tax on profit on ordinary activities	8	(100)	(450)
Profit on ordinary activities after taxation		273	822
Dividends paid and proposed	9	(43)	(145)
Retained profit for the period	15	230	677

A statement of movements on reserves is given in note 15.

The accompanying notes are an integral part of this profit and loss account.

Statement of total recognised gains and losses

For the period ended 31 March 1995

		Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Profit for the period		273	822
Premium on redemption of 'D' share capital		-	(35)
Total recognised gains and losses for the period	16	273	787

Balance sheet

31 March 1995

	Notes	31 March 1995 £'000	25 March 1994 £'000
Tangible fixed assets	10	105	156
Current assets			
Debtors	11	37,269	36,636
Cash at bank and in hand	12,17	4,308	4,382
		41,577	41,018
Creditors: Amounts falling due within one year	13	(39,260)	(38,982)
Net current assets		2,317	2,036
Net assets		2,422	2,192
Capital and reserves			
Called-up share capital	14	1,323	1,323
Profit and loss account	15	1,097	867
Other reserve	15	2	2
Total capital employed	16	2,422	2,192

Signed on behalf of the Board

L.G. Byford Director

M.J. Sunderland Director

13 June 1995

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the period ended 31 March 1995

	Notes	Period ended 31 March 1995		Period ended 25 March 1994	
		£'000	£'000	£'000	£'000
Net cash (outflow) inflow from operating activities	17a		(1,472)		3,045
Returns on investments and servicing of finance					
Interest paid		(3)		(2)	
Dividends paid		(107)		(83)	
Net cash outflow from returns on investments and servicing of finance			(110)		(85)
Taxation					
Corporation tax paid			(440)		(183)
Investing activities					
Purchase of tangible fixed assets		(16)		(100)	
Proceeds of sale of tangible fixed assets		1		4	
Net cash outflow from investing activities			(15)		(96)
Net cash (outflow) inflow before financing			(2,037)		2,681
Financing					
Redemption of share capital		-		(211)	
Issue of share capital		-		31	
Net cash outflow from financing			-		(180)
(Decrease) increase in cash and cash equivalents	17b		(2,037)		2,501

The accompanying notes are an integral part of this statement.

Notes to financial statements

31 March 1995

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period, is set out below.

a) Basis of accounting

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

b) Investorlink Limited, WB Nominees Limited and WCWB (PEP) Nominees Limited

Investorlink Limited, WB Nominees Limited and WCWB (PEP) Nominees Limited are the subsidiary undertakings of Walker, Crips, Weddle, Beck Plc and have not traded since its acquisition. The directors are of the opinion that the inclusion of Investorlink Limited, WB Nominees Limited and WCWB (PEP) Nominees Limited in group financial statements would not be material for the purpose of giving a true and fair view. Group financial statements have therefore not been prepared, as permitted by s.229 of the Companies Act 1985.

Walker, Crips, Weddle, Beck Plc's investment in Investorlink Limited, WB Nominees Limited and WCWB (PEP) Nominees Limited are recorded at £nil (1994 - £nil) since they have no material assets or liabilities.

c) Bargain date accounting and new time bargains

The financial statements have been prepared under the concept of trade date accounting. Accordingly all bargains executed up to 31 March 1995 are included in these financial statements.

d) Recognition of income and expense

Commission income and expense are recognised on all bargains made up to the balance sheet date. Operating expenses and other charges are provided for in full up to the balance sheet date.

e) Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Computer hardware	33 ⅓ % per annum on cost
Furniture and equipment	33 ⅓ % per annum on cost
Motor vehicles	25% per annum on reducing balance

Notes to financial statements (continued)

1 Accounting policies (continued)

f) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the period is written off except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

Deferred taxation, which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities, has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the directors consider that the amount of all deferred tax, including that which will probably not reverse, is immaterial.

g) Pension costs

The company operates a personal pension scheme for selected employees with Lincoln National Corporation. The defined contribution rate is 4% of annual salary and this amount is charged to the profit and loss account on an accruals basis.

h) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at market rates ruling at the balance sheet date.

Sales and purchases of securities transacted in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

i) Turnover

Turnover represents gross commissions and interest receivable in the course of ordinary Stock Exchange business, and fees earned from managing client deposits and administering PEPs.

j) Historical cost profits and losses

Historical cost profits and losses on ordinary activities are shown in the profit and loss account.

k) Investments

In the prior year certain listed investments were included in the balance sheet at market value. A corresponding liability was included within sundry creditors. In accordance with Financial Reporting Standard 5 (Reporting the Substance of Transactions), which is effective for accounting periods ending on or after 22 September 1994, these investments and the corresponding liability are no longer included in the balance sheet as they do not meet the definition of assets and liabilities in the standard. The prior year comparatives have been restated accordingly.

Notes to financial statements (continued)

2 Segment information

Turnover is derived from broking activity in the United Kingdom and from fees relating to managed funds and PEP deposits split as follows:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Commissions receivable in the course of Stock Exchange business	4,362	6,543
Interest income receivable in the course of Stock Exchange business	157	192
Fees earned from managing client deposits and administering PEPs	351	228
	4,870	6,963

3 Commission payable

Commission payable comprises:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
To authorised agents	141	139
To employees and associated members	1,187	1,915
	1,328	2,054

4 Other operating expenses

Other operating expenses comprise:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Losses on dealing errors	2	94

Notes to financial statements (continued)

5 Interest payable and similar charges

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
On bank loans, overdrafts and other loans, repayable within five years, not by instalments	3	2

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation, all of which is derived from continuing activities, is stated after charging:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
a) Depreciation	66	70
b) Staff costs (see note 7)	1,164	1,343
c) Auditors' remuneration		
- audit related	38	33
- non-audit related	10	8

7 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Employee costs during the period amounted to:		
Wages and salaries	1,031	1,174
Social security costs	108	121
Other pension costs (see note 18)	25	48
	1,164	1,343

The average number of staff employed during the period was: [illegible] [illegible]

Notes to financial statements (continued)

7 Staff costs (continued)

	Period ended 31 March 1995 Number	Period ended 25 March 1994 Number
Directors	5	5
Registered representatives	50	42
Other staff	38	44

Directors' remuneration:

	£'000	£'000
Other emoluments (including pension contributions)	337	396

The directors' remuneration shown above (excluding pension contributions) included:

	£'000	£'000
Chairman and highest paid director	79	88

Directors received remuneration (excluding pensions and pension contributions) in the following ranges:

	Number	Number
£ 0 - £ 5,000	2	2
£ 50,001 - £ 55,000	1	-
£ 60,001 - £ 65,000	2	1
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	-	1
£ 75,001 - £ 80,000	1	2
£ 85,001 - £ 90,000	-	1

8 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Corporation tax at 28% (1994 - 33%)	120	467
Adjustment in respect of prior periods	(20)	(17)
	100	450

Notes to financial statements (continued)

9 Dividends

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Ordinary 'A' shares		
- interim paid of 1.5p (1994 - 3.5p) per share	18	44
- final proposed of 1.5p (1994 - 6.5p) per share	18	81
Ordinary 'B' shares		
- final proposed of 8.5p (1994 - 8.5p) per share	7	7
Preference 'D' shares		
- final paid of nil p (1994 - 7.5p) per share	-	13
	43	145

'A' dividends per share stated for period ending 25 March 1994 are adjusted to reflect the one-for-one bonus issue during the period.

10 Tangible fixed assets

The movement during the period was as follows:

	Motor vehicles £'000	Furniture and equipment £'000	Computer hardware £'000	Total £'000
Cost				
Balance at beginning of period	97	76	154	327
Additions	-	5	11	16
Disposals	-	-	(7)	(7)
Balance at end of period	97	81	158	336
Depreciation				
Balance at beginning of period	28	47	96	171
Charge for the period	17	13	36	66
Disposals	-	-	(6)	(6)
Balance at end of period	45	60	126	231
Net book value				
At beginning of period	69	29	58	156
At end of period	52	21	32	105

Notes to financial statements (continued)

11 Debtors

The following are included in the net book value of debtors:

	31 March 1995 £'000	25 March 1994 £'000
Amounts falling due within one year:		
Due from clients, brokers and Recognised Stock Exchanges	36,866	36,345
Other debtors	115	109
Prepayments and accrued income	281	156
	37,262	36,610
Amounts falling due after more than one year:		
Prepayments and accrued income		
- ACT recoverable on proposed dividends	7	26
	37,269	36,636

12 Cash at bank and in hand

In accordance with Financial Reporting Standard 5 (Reporting the Substance of Transactions), cash at bank and in hand does not include interest-bearing deposits of clients' monies placed by the company with banks and building societies on an agency basis. All such deposits are designated by the banks and building societies as clients' funds and are not available to the banks or building societies to satisfy any liability the company may have with them at any time. The amount of such deposits at 31 March 1995 was £9,511,000 (25 March 1994 - £10,255,000).

13 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	31 March 1995 £'000	25 March 1994 £'000
Bank overdrafts	2,118	155
Amounts due to clients, brokers and Recognised Stock Exchanges	36,331	37,388
Other creditors		
- UK corporation tax payable	91	431
- ACT on proposed dividends	7	26
- social security and PAYE	40	115
- sundry creditors	352	349
Proposed dividends (note 9)	25	88
Accruals and deferred income	296	430
	39,260	38,982

Notes to financial statements (continued)

14 Called-up share capital

	31 March 1995 £'000	25 March 1994 £'000
Authorised		
5,290,000 (1994 - 4,920,000) 'A' class ordinary shares of £1 each	5,290	4,920
80,000 (1994 - 80,000) 'B' class ordinary shares of £1 each	80	80
Nil (1994 - 120,000) 'C' class preference shares of £1 each	-	120
Nil (1994 - 250,000) 'D' class preference shares of £1 each	-	250
	5,370	5,370
Allotted, called-up and fully-paid		
1,243,252 (1994 - 1,243,252) 'A' class ordinary shares of £1 each	1,243	1,243
80,000 (1994 - 80,000) 'B' class ordinary shares of £1 each	80	80
	1,323	1,323

The company has granted options in respect of the following shares:

Type	*Number of shares subject to option*	*Period of option*	*Price per share*
'A' class ordinary shares of £1 each	112,500	July 1997 to July 2004	£3

15 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	31 March 1995 £'000	25 March 1994 £'000
Distributable		
- profit and loss account	1,097	867
Non-distributable		
- other reserve	2	2
Total reserves	1,099	869

The other reserve represents goodwill arising from the acquisition of the business of Investorlink Limited.

Notes to financial statements (continued)

15 Reserves (continued)

	Other reserve £'000	Profit and loss account £'000	Total £'000
At 25 March 1994	2	867	869
Retained profit for the period	-	230	230
At 31 March 1995	2	1,097	1,099

16 Reconciliation of movement in shareholders' funds

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Total recognised gains and losses for the period	273	787
Dividends	(43)	(145)
Option to acquire 'A' ordinary shares executed	-	31
Redemption of 'D' share capital	-	(176)
Net increase in shareholders' funds	230	497
Opening shareholders' funds	2,192	1,695
Closing shareholders' funds	2,422	2,192

17 Cash flow information

a) Reconciliation of operating profit to net cash (outflow) inflow from operating activities

	Period ended 31 March 1995 £'000	Period ended 25 March 1994 £'000
Operating profit	376	1,274
Depreciation charges	66	70
Loss on sale of tangible fixed assets	-	3
Increase in debtors	(652)	(7,892)
(Decrease) increase in creditors	(1,262)	9,590
Net cash (outflow) inflow from operating activities	(1,472)	3,045

Notes to financial statements (continued)

17 Cash flow information (continued)

b) Analysis of changes in cash and cash equivalents during the period

	31 March 1995 £'000	25 March 1994 £'000	Change in period £'000
Cash at bank and in hand	4,308	4,382	(74)
Bank overdrafts	(2,118)	(155)	(1,963)
	2,190	4,227	(2,037)

18 Guarantees and other financial commitments

a) Contingent liabilities

The London Stock Exchange has a charge over all Sepon stock as a condition of trading with the company.

b) Pension arrangements

The pension cost charged to the profit and loss account for the period was £25,000 (period ended 25 March 1994 - £48,000). This represents a defined contribution of 4% of the annual salaries of selected employees.

c) Capital commitments

At the end of the period, there were no capital commitments (1994 - nil) contracted but not provided for or authorised but not contracted for.

d) Lease commitments

The minimum annual rentals under the foregoing leases are as follows:

	Property	
	31 March 1995 £'000	25 March 1994 £'000
Operating leases which expire		
- within 2 to 5 years	145	140