A19 *ANTKJC5A* 0623
COMPANIES HOUSE 02/07/02

1432059

Walker, Crips, Weddle, Beck plc

Stock Brokers since 1914

Report & Accounts 2002

MEMBER OF THE LONDON STOCK EXCHANGE
REGULATED BY THE FINANCIAL SERVICES AUTHORITY LIMITED

As stock and share brokers, we act on an advisory, discretionary and dealing only basis and provide a range of managed investment products.

Our aim is to achieve for shareholders steadily rising earnings and dividends

– through market perception
– through effective communication
– through advanced technology
– through understanding our clients' objectives.

Contents

Year in Brief

The difficult trading conditions experienced by worldwide financial markets during the last year have been widely reported. It is generally agreed that market volumes have reduced significantly. As you would expect, this has had an adverse effect upon our profitability. However, despite current circumstances, we have taken the opportunity to expand our business by way of an acquisition and are now well positioned to take advantage of any upturn in trading market activity.

- Stockbroking firm **Keith, Bayley, Rogers** acquired
- 2 new revenue centres introduced:
  Corporate Finance and **Personal Financial Management**
- Commencement of **on-line dealing**, straight through processing and client account management facilities
- Establishment of WCWB UK Growth Unit Trust Fund
- Significant reduction of **Cost base**

Chairman's **statement**

For the year ended 31 March 2002

Review of the Year

The last financial year has been extremely challenging for the securities industry with the combined effect of September 11th and prevailing economic uncertainties impacting adversely upon trading volumes. Notwithstanding the positive contribution to revenue arising from the company's acquisition of the Keith, Bayley, Rogers (KBR) business, the lower level of activity resulted in a drop in turnover to £9,050,000 (2001 - £12,238,000). The company also incurred exceptional costs of £619,000 relating to the integration of KBR business and redundancies as cost cutting measures were implemented in response to deteriorating market conditions. The lower trading levels and exceptional costs have resulted in the company reporting an operating loss of £1,234,000 (2001 – operating profit £1,274,000). These losses have been offset by the realisation of gains amounting to £1,164,000 on the sale of London Stock Exchange(LSE) shares. The remaining shareholding, valued at £3,022,000 at 31 March 2002 has also exceeded the value of the entire holding at the prior year end of £2,875,000 as a result of a stronger share price.

The board is recommending maintaining a final dividend of 4p per share (2001 – 4p per share). This decision has been taken after careful consideration and due account being given to the following matters:

- The trading picture has been weak for over two years but there is a reasonable prospect of a change in sentiment before the end of the current year.
- The company's earnings mix is now much improved with less reliance being placed on pure stockbroking commission.
- The company maintains a healthy level of financial resources and distributable reserves.
- The London Stock Exchange investment has contributed to growth in shareholders' funds in recent years.
- The board wishes to acknowledge the importance it attributes to making distributions to shareholders and that dividend policy should take consideration of the longer-term picture rather than a single year's results.

Subject to the dividend now proposed being approved at the Annual General Meeting, payment will be made on 15 July 2002 to shareholders on the register at the close of business on 21 June 2002.

Board changes

Ray Field retired from the board on 31 July 2001; we thank him for his hard work and support since joining the board in 1988 and are pleased he is continuing as a consultant. We were also very happy to welcome Howard Saunders as Private Clients director on 2 November 2001, having served his entire working life with KBR, latterly as the senior partner.

Progress

Your company has now completed the smooth integration of its first significant acquisition of the KBR business. Our growth strategy through diversification has continued with the introduction of a unit trust fund management team, the development of a margin lending facility for online-trading InvesteLink clients as well as now providing the ability for customers to trade in Contracts for Differences. The back office has also benefited from the growing usage of an internally-developed straight through order processing system via the internet. In response to changes in the regulatory framework, considerable time and expense has also been devoted by management and staff to ensure compliance with the new FSA regulations (N2).

Executive Directors, Associates and Staff

On behalf of the board I thank my fellow directors, associates and staff for their continued effort and commitment in difficult times especially when tough decisions have been made to ensure the future prosperity of the company.

Future Outlook

Further rationalisation within our sector is likely to provide us with opportunities to continue our acquisitive growth. The strengthening of our newly acquired Financial Management and Corporate Finance activities is another step towards achieving greater diversification of our range of financial products. In the event of a wholesale recovery in global markets, we will be ready to capitalise on our wider income base and leaner infrastructure.

Annual General Meeting

The Annual General Meeting will take place at 12 noon on 12 July 2002. This will be held at The Olof-Lundberg Conference Room, 99 City Road, London EC1Y 1AX. If you wish to attend please return the enclosed card. Light refreshments will be served afterwards and we look forward to meeting shareholders.

G. N. Kennedy

Chairman

14 June 2002

Chief Executive's **operating and financial review**

For the year ended 31 March 2002

Last year was an extremely tough and demanding year for the company and all in the stockbroking industry. Following the collapse in the TMT sectors, the market was particularly fragile but the tragic events of September 11th destroyed any prospect of a market recovery with the result that business levels remained low throughout the usually busy period from January to March.

The most positive feature of the year for our company was completion of the acquisition of Keith, Bayley, Rogers (KBR) in November 2001. The integration of the two businesses took some months to achieve and has, we believe, gone well. The figures in these financial statements include an inevitable element of duplicated overheads and additional costs incurred whilst the integration of the businesses and transition across to single premises were achieved. Within exceptional expenses we have written off all remaining obligations up to termination of the Ebbark House lease.

The generally dull conditions and low trading volumes have required a close scrutiny of overheads and adoption of some remedial action. Worthwhile savings were achieved over a broad front, not least in communications and market price services, but the hardest decisions had to be taken on staffing levels. Cutbacks took place on two occasions during the year with staff numbers being reduced by 21%, excluding KBR. The new year has started with a significantly reduced cost base and with a greater emphasis of resources being concentrated on revenue generating areas.

Current Developments

The Corporate Finance advisory team has, in its first five months since acquisition, brought two new issues to the market, extended the number of companies for whom we act as broker and is presently engaged on a number of exciting and innovative projects.

The Financial Management Service has recently been strengthened with the addition of two experienced Pensions/Insurance Consultants which will enable us to broaden the depth of service in this new area. The ability we now have to advise on pensions and insurance matters clearly complements the existing WCWB range of activities and products.

Our new in-house managed Unit Trust, the CF Walker Crips UK Growth Fund, was successfully launched in March and now has a fund value of £3.1m. Many WCWB shareholders subscribed at the initial offer price of 83.9p and through the skilful stock selection criteria adopted by our newly created Fund Management team we have seen an impressive outperformance of 7% against the FTSE 350 Index. We anticipate formation of a further unit trust, the Walker Crips Corporate Bond Fund, in the weeks ahead and by the end of the current year have a target of £10m unit trust funds under our management.

Our on-line electronic dealing service, InvesteLink, is fully operational and is now utilised by a growing client base. This is an essential product for the future and through our website will enable us to market a growing number of investment and financial products. A material by-product benefit of the InvesteLink development has been greater back office efficiencies through the ability we have to increase our own straight-through processing .

The PEP/ISA Department had a satisfactory year up to March 2002. In the new year month of April we have recorded a 30% increase in the number of ISA's started, reflecting the benefit of the enlarged client base.

Prospects

The measures taken to reduce overheads, referred to earlier, have enabled us to start the year with a substantially reduced cost base and there will be further savings flowing through in the months ahead. Our investment in technology gives us the platform to respond well to increased market activity and we now have a much broader base of operations, with a more diversified revenue stream. We continue to actively look for additional account executives and also businesses which we can acquire to maintain our growth strategy. Last year was a good one to put behind us but the company has a strong balance sheet with sufficient resources to leave us well positioned to meet future challenges and an ability to further expand the business

M. J. Sunderland

Chief Executive

14 June 2002

Directors' **report**

For the year ended 31 March 2002

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 March 2002.

Principal activities and business review

The principal activities of the group and company are stock and share broking, administration of Individual Savings Accounts, Personal Equity Plans and managing clients' deposits in the course of conducting investment business. The acquisition of Keith, Bayley, Rogers expanded these activities and added corporate finance and personal financial services.

A review of the business can be found in the Chief Executive's report.

The directors expect the general level of activity to follow industry trends but growth should be achieved as new products and initiatives are introduced.

Results and dividends

Results, distributions and retained profits are as follows:

	2002 £'000	2001 £'000
Retained profit at 1 April 2001	**3,362**	3,154
(Loss)/profit for year after taxation	**(665)**	782
Dividends paid – 20p ordinary of 2.25p per share	**(208)**	(207)
Dividends proposed – 20p ordinary of 4p per share	**(410)**	(367)
Transfer of realised revaluation gain (net of tax)	**604**	–
Retained profit at 31 March 2002	**2,683**	3,362

Directors and their interests

The directors of the company who served since 1 April 2001 are listed below together with their beneficial interests in the shares of the company.

	Ordinary shares		Share options	
	31 March 2002	31 March 2001	31 March 2002	31 March 2001
G.N. Kennedy CVO (non-executive chairman)**	5,000	5,000	–	–
M.J. Sunderland (chief executive)	931,300	962,300	–	–
S.J. Bailey	15,000	13,000	35,000	35,000
G.A. Cooper	19,200	19,200	40,500	48,000
R. Field (resigned 31 July 2001)	–	196,170*	–	–
R.A. FitzGerald**	10,000	10,000	50,000	50,000
S.K.W. Lam**	8,000	8,000	25,000	25,000
W.H. Saunders (appointed 2 November 2001)**	256,667	–	–	–
N.J. Simmonds	177,230	177,230	–	–
S.V. Simper	92,170	106,170	–	–
H.M. Lim (non-executive)	–	–	–	–
H.S. Loh (non-executive)	–	–	–	–
M.J. Wright (non-executive)	1,500	1,500	–	–

**Also held at date of resignation and 31 March 2002*

*** Brief biographies of the directors eligible and standing for re-election at the Annual General Meeting are set out on page 5.*

Graham Kennedy, CVO, 65,
Non-Executive Chairman

Graham Kennedy was previously a Council and Board Member of the London Stock Exchange and served as Chairman of numerous Committees. He also held a number of senior posts as a director of James Capel until his retirement from that firm in 1995. He has also served as a director of Wise Speke plc and his current directorships include Ockham Holdings plc and Charities Investment Managers Limited (M&G Charifund).

Rodney FitzGerald, FCA , 48,
Finance Director

Rodney FitzGerald is a graduate of Leeds University and qualified as a Chartered Accountant in 1979 with Hays Allan & Co. After holding senior financial positions outside the financial services sector, he joined independent stockbrokers TC Coombs & Co. in 1987 and was appointed to the board in 1989. More recently, he was Finance Director of Meespierson ICS Limited, now Fortis Clearing London Limited, before joining WCWB as Finance Director and Company Secretary in 1999.

Sean Lam, CPA, 33,
Development Director

Sean Lam commenced his career with Phillip Securities Pte Limited, a subsidiary of WCWB's principal shareholder, in Singapore in 1992 and qualified as a Certified Practicing Accountant in 1995. In 1995 he was appointed manager and head of operations and, over the years, he has travelled widely on behalf of the Phillip group of companies. In 1999 he was invited to relocate to London and was appointed to the board of WCWB with overall responsibility for development and information technology.

Howard Saunders, 62,
Private Clients Director

Howard Saunders has been the senior partner of Keith, Bayley, Rogers & Co. since 1996. He joined KBR (then Keith, Bayley & Rigg) in 1955 and, save for two years' National Service, has spent his entire career with the firm. He became a Member of the Stock Exchange and a partner in KBR in 1970.

Supplier payment policy

The company's policy, which is also applied by the group, is to establish terms of payment with suppliers prior to transacting and abide by the terms of payment. The aggregate amount owed to suppliers of the company at 31 March 2002 represented 22 days (2001 - 39 days) of purchases (based on the aggregate amount invoiced by suppliers during the financial period).

Employment policy

It is the group's policy to give appropriate consideration to applications for employment from disabled persons, having proper regard to their particular aptitudes. For the purposes of training, career development and promotion, disabled staff, including any who become disabled in the course of their employment, are treated on equal terms with other employees.

Political and charitable donations

The group made no political or charitable donations during the year (2001 - nil).

Special business

Resolutions will be placed before the Annual General Meeting to confer authority on the company to allot equity securities of up to an aggregate nominal amount of £682,577 and to authorise and empower the company to allot equity securities as if Section 89(1) of the Companies Act 1985 did not apply.

The Companies Act 1985 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The directors believe that the company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the company's Articles of Association, it is intended to propose a Special Resolution at the forthcoming Annual General Meeting

Directors' **report**

continued

to confer authority on the company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of 20p each in the share capital of the company at a price or prices which will not be less than 20p and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the 10 business days before the relevant purchase is made.

The authority was given at the last Annual General Meeting of the company for a period expiring at the conclusion of the next Annual General Meeting of the company. It is the directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting. The directors will only make use of the authority when satisfied that it is in the interest of the company so to do. Shareholders should note that any Ordinary Shares purchased by the company will be cancelled and the number of Ordinary Shares in issue will accordingly be reduced.

They may further note that the total number of warrants and options to subscribe for equity shares in the company that are outstanding as at 14 June 2002 is 770,000 share options (for further information refer to note 20 of the financial statements). The proportion of issued share capital of the company that this represents as at 14 June 2002 is 7.52%. If the company used the full authority to buy back the shares under resolution 10 they would then represent 8.36% of the issued share capital of the company.

The attention of shareholders is drawn to the fact that all purchases of shares by the company pursuant to these proposals will be market purchases and thus made through the London Stock Exchange. This means that any shareholder who sells his Ordinary Shares through the London Stock Exchange, even if those shares are subsequently acquired by the company will not be subject to different tax considerations from those normally applying to the sale of shares in the market. However, shareholders who are in doubt about the tax implications of sales should consult their own advisers.

Substantial shareholdings

As at 31 March 2002, the following interests, excluding those of directors, in excess of 3% of the ordinary share capital of the company were held:

	Number	Percentage held
Phillip Brokerage Pte Limited	2,955,500	28.87
L.G.Byford	452,055	4.42
Liontrust Intellectual Capital Trust	473,000	4.62

Sophia House
76/80 City Road
London
EC1Y 2EQ

By order of the Board,

M. J. Sunderland
Chief Executive

14 June 2002

Report **by the directors on corporate governance matters**

For the year ended 31 March 2002

The directors are committed to a high standard of corporate governance and to compliance with the best practice provisions of the Combined Code on corporate governance introduced by the London Stock Exchange in June 1998.

The Board of Directors

The board of directors currently consists of eight executive and four non-executive directors. The full board meets regularly throughout the year, usually every alternate month.

The roles of Chairman and Chief Executive are separated and the board includes non-executive directors who are all regarded as independent. The board has two established committees: the Audit Committee and the Remuneration Committee, both composed entirely of all the non-executive directors.

Non-executive Directors

Contrary to the recommendations of the Combined Code, non-executive directors' contracts do not cover their appointment for a specified period, because under the Articles of Association all directors are required to retire by rotation and one third of the board is required to seek re-election each year. Re-election is subject to shareholders' approval.

Executive Directors

Executive directors have service contracts of varying lengths, but maximum compensation for loss of office is limited to twelve months' salary in all instances.

Directors' emoluments are disclosed in note 9 of the financial statements.

The Management and Investment Committees

The board has appointed Management and Investment Committees to assist in the day to day management of the group. The committees consist solely of executives of the group. The committees are, inter-alia, responsible for developing strategic plans for conducting the business of the group, advising on all the allocation of personnel and capital resources and reviewing performance of all investment activities.

Internal Control

The board has formalised the process for its review of internal control (including financial, operational and compliance controls and risk management) and defining the scope and frequency of reports to be received, both by the board and the audit committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the company. This risk management process has been in operation throughout the year ended 31 March 2002 and is designed to address the enlarged group following the acquisition of Keith, Bayley, Rogers & Co. Limited and is regularly reviewed by the Board. Due to the size of the company and group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the board throughout the year. Operations are monitored closely.

The directors have reviewed the effectiveness of the company's system of internal control and consider that the controls and procedures established are appropriate for the company and group. However, any system of internal control can only provide reasonable, not absolute, assurance against material misstatement or loss. The group also operates under a system of internal financial controls which has been developed and refined to meet its current and future needs.

Report **by the directors on corporate governance matters**

continued

These include but are not limited to:

- The organisational structure and the delegation of authorities to operational management;
- Procedures for the review and authorisation of capital investments;
- Budgets and forecasts which are reviewed by the board;
- The reporting and review of financial results and other operating information;
- Accounting and financial reporting policies to ensure the consistency, integrity and accuracy of the group's accounting records; and
- Financial and operating controls and procedures which are in place throughout the organisation and monitored through various means including routine and special reviews by internal compliance staff and external auditors.

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 group and of the profit or loss of the group for that year.

After making enquiries, the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing the 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sophia House
76/80 City Road
London
EC1Y 2EQ

14 June 2002

By order of the Board,

M.J. Sunderland
Chief Executive

Report of the board **on remuneration**

For the year ended 31 March 2002

The group has a policy of rewarding the executive board with a basic salary close to industry market rates but taking account of the group's size in relation to its competitors. An integral element of the package of emoluments will continue to be incentives, whether these be from a bonus linked to corporate profitability or share options which will enable the directors to join with shareholders in the share price performance of the group.

In advance of the company's listing in 1996, an Inland Revenue Approved Share Option Scheme was in operation as well as an identical scheme for the company's self-employed registered representatives or associates. Upon achieving a listing, two similar schemes were started which resulted in a total of 10% of the company's share capital being represented by grant of options to employees and registered representatives. Whenever granted, the exercise price is set at the prevailing market price of shares at the time of grant.

During the year, a meeting was held by the remuneration committee which the Chief Executive attended. The remuneration committee then comprised G.N. Kennedy and M.J. Wright, who attended, and also H.M. Lim and H.S. Loh. The primary purpose of this meeting was to approve annual salary increases for the executive directors with effect from 1 July 2001 and division of the bonus pool covering profits for the company for the year ended 31 March 2001. Salary increases were awarded in line with market conditions and the committee's policy to ensure that basic salary is appropriate and competitive for the responsibilities involved. In view of the loss in respect of the year ended 31 March 2002 no monies have been allocated to the bonus pool in respect of this year.

Full details of remuneration packages of individual directors and information on share options and incentive schemes are set out in note 9 to the financial statements.

The remuneration committee comprises G.N. Kennedy, H.M.Lim, H.S. Loh and M.J. Wright.

Sophia House
76/80 City Road
London
EC1Y 2EQ

14 June 2002

By order of the Board,

M.J. Sunderland
Chief Executive

Independent auditors' **report**

For the year ended 31 March 2002

To the shareholders of Walker, Crips, Weddle, Beck plc

We have audited the financial statements of Walker, Crips, Weddle, Beck plc for the year ended 31 March 2002 which comprise the profit and loss account, balance sheets, statement of total recognised gains and losses, cash flow statement and the related notes numbered 1 to 29. 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 annual report and the financial statements in accordance with applicable law and United Kingdom 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, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 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 or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate governance statements reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if they do not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's statement, Chief Executive's operating and financial review, Directors' report, Report by the directors on corporate governance matters, Report of the board on remuneration and Statement of directors' responsibilities. 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 at 31 March 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
180 Strand
London
WC2R 1BL
14 June 2002

Consolidated **profit and loss account**

For the year ended 31 March 2002

	Notes	Group 2002 £'000	Company and Group 2001 £'000
Turnover			
Existing operations		7,939	12,238
Acquisitions		1,111	–
	2	9,050	12,238
Commission payable	3	(2,310)	(3,142)
Gross profit		6,740	9,096
Administrative expenses - ongoing		(7,355)	(7,722)
Administrative expenses - exceptional items	4	(619)	(100)
Total administration expenses		(7,974)	(7,822)
Operating (loss)/profit		(1,234)	1,274
Profit on disposal of fixed asset investments	5	301	–
Interest payable and similar charges	6	(9)	(61)
(Loss)/profit on ordinary activities before taxation	7	(942)	1,213
Tax on (loss)/profit on ordinary activities	10	277	(431)
(Loss)/profit on ordinary activities after taxation		(665)	782
Dividends paid and proposed	11	(618)	(574)
Retained (loss)/profit for the year	22	(1,283)	208
Realised gain on sale of revalued investment	15	604	–
Retained profit brought forward		3,362	3,154
Retained profit carried forward		2,683	3,362
(Loss)/earnings per share			
Basic	12	(6.9p)	8.6p
Diluted	12	(6.9p)	8.3p

The results above arise from continuing operations.

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

Consolidated **statement of total recognised gains and losses**

For the year ended 31 March 2002

	Notes	Group 2002 £'000	Company and Group 2001 £'000
(Loss)/profit for financial year		**(665)**	782
Revaluation of fixed asset investment	15	**1,010**	2,875
Tax on realised revaluation gain	10	**(259)**	–
Total recognised gains and losses relating to the year		**86**	3,657

Consolidated **note of historical cost profits and losses**

For the year ended 31 March 2002

	Notes	Group 2002 £'000	Company and Group 2001 £'000
Reported (loss)/profit on ordinary activities before tax		**(942)**	1,213
Realisation of fixed asset investment revaluation gain	15	**863**	–
Historical cost (loss)/profit on ordinary activities before taxation		**(79)**	1,213
Historical cost (loss)/profit on ordinary activities after the provision for taxation and dividends		**(679)**	208

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses and this consolidated note of historical profits and losses.

Consolidated and company **balance sheet**

31 March 2002

	Notes	Group 2002 £'000	Company 2002 £'000	Company and Group 2001 £'000
Fixed assets				
Goodwill	13	2,687	–	–
Tangible assets	14	817	817	1,102
Investments	15	3,097	5,942	2,950
		6,601	6,759	4,052
Current assets				
Debtors	17	41,345	41,402	37,852
Cash at bank and in hand	18	3,749	3,366	3,226
		45,094	44,768	41,078
Creditors: Amounts falling due within one year	19	(40,796)	(40,731)	(35,789)
Net current assets		4,298	4,037	5,289
Net assets		10,899	10,796	9,341
Capital and reserves				
Called-up share capital	20	2,048	2,048	1,836
Shares to be issued	21	842	842	–
Share premium account	22	2,222	2,222	1,186
Profit and loss account	22	2,683	2,580	3,362
Revaluation reserve	22	3,022	3,022	2,875
Other reserves	22	82	82	82
Equity shareholders' funds	23	10,899	10,796	9,341

The accounts were approved by the board on 14 June 2002.

M. J. Sunderland, *Chief Executive*

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

Consolidated **cash flow statement**

For the year ended 31 March 2002

	Notes	Group 2002 £'000	Company and Group 2001 £'000
Net cash inflow from operating activities	24	**1,061**	9,181
Returns on investments and servicing of finance	25	**(9)**	(61)
Taxation	25	**(389)**	(624)
Capital expenditure and financial investment	25	**941**	(544)
Acquisition of subsidiary	16	**(691)**	–
Equity dividends paid		**(575)**	(571)
Cash inflow before management of liquid resources and financing		**338**	7,381
Management of liquid resources	25	**(550)**	(3,150)
Financing	25	**37**	54
(Decrease)/increase in cash in the year		**(175)**	4,285

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes **to financial statements**

For the year ended 31 March 2002

1 Accounting policies

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

a) *Basis of accounting*

The financial statements are prepared under the historical cost convention (subject to the revaluation of fixed asset investments) and in accordance with applicable accounting standards.

b) *Basis of consolidation*

The group financial statements consolidate the financial statements of Walker, Crips, Weddle, Beck plc, its trading subsidiary undertaking, Keith, Bayley, Rogers & Co. Limited (acquired during the year), and its non-trading subsidiaries. The non-trading subsidiaries' financial statements are not material to the group financial statements, hence the prior year comparatives for the company and group are the same. The results of subsidiaries acquired are consolidated from the date on which control passed and are accounted for under the acquisition method.

c) *Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

d) *Turnover and expenses*

Turnover represents gross commissions, interest receivable and fees in the course of ordinary investment business. Gross commissions on stockbroking activities are recognised on those transactions whose bargain date falls within the financial year. Interest is recognised as it accrues in respect of the financial year. Fees earned from managing client deposits and administering PEPs and ISAs are accrued evenly over the period to which they relate. Initial fees are recognised immediately on completion of the ISA application. Fees in respect of financial management activities and corporate finance activities are accrued evenly over the period to which they relate, unless fees are contingent, in which case they are not recognised until invoiced and agreed with the client.

Operating expenses and other charges are provided for in full up to the balance sheet date on an accruals basis.

e) *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. 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	$33^1/_3$% per annum on cost
Computer software	between 20% and $33^1/_3$% per annum on cost
Furniture and equipment	$33^1/_3$% per annum on cost
Motor vehicles	25% per annum on reducing balance

Notes **to financial statements**

For the year ended 31 March 2002

1 **Accounting policies** *(continued)*

f) Fixed asset investments

Liquid fixed asset investments are revalued at the reporting date and stated at fair value. Surpluses are taken to the revaluation reserve. Illiquid fixed asset investments are stated at cost less provision for any impairment in value.

g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Current tax charges arising on the realisation of revaluation gains, recognised in the statement of total recognised gains and losses, are also recorded in this statement.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

h) Pension costs

The group contributes to defined contribution personal pension schemes for selected employees. The contribution rate is based on annual salary and the amount is charged to the profit and loss account on an accruals basis.

i) 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.

j) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 Turnover information

Turnover is derived from investment business conducted in the United Kingdom and from fees split as follows:

	2002 £'000	2001 £'000
Commissions receivable in the course of broking activity	**7,157**	10,334
Interest income receivable in the course of broking activity	**335**	504
Fees earned from managing client deposits and administering PEPs and ISAs	**1,294**	1,400
Fees earned from corporate finance and personal financial services	**264**	–
	9,050	12,238

In the opinion of the directors the classes of business, for statutory reporting purposes, are not materially different.

3 Commission payable

Commission payable comprises:

	2002 £'000	2001 £'000
To authorised agents	**131**	96
To registered representatives	**2,179**	3,046
	2,310	3,142

4 Administrative expenses – exceptional items

Exceptional items reported before operating (loss)/profit

During the year the group incurred costs with respect to the integration of KBR of £369,000 (including property-related costs and provision for an onerous lease obligation of £226,000) and redundancy costs of £250,000 which the directors regard as exceptional because they are material and not expected to recur. Accordingly such costs have been separately identified within administration expenses. The prior year exceptional cost represents dilapidation costs in regard to Sophia House. The effect of the exceptional items reported before operating (loss)/profit was to reduce tax provided by £185,000 (2001 – £30,000).

5 Profit on sale of fixed asset investments

The profit on sale of fixed asset investments represents the excess of the net sales proceeds arising on the disposal of 300,000 shares in the London Stock Exchange plc over their fair value as reported in the prior year balance sheet. The effect of this part of the gain is to increase tax provided by £90,000 (see note 15).

Notes **to financial statements**

For the year ended 31 March 2002

6 Interest payable and similar charges

	2002 £'000	2001 £'000
On bank loans and overdrafts, repayable within five years, not by instalments	9	61

7 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation, all of which is derived from continuing activities, is stated after charging:

	2002 £'000	2001 £'000
Depreciation (see note 14)	507	538
Amortisation of goodwill (see note 13)	57	-
Staff costs (see note 8)	3,909	4,264
Auditors' remuneration		
- audit related	60	58
- non-audit related	21	33
Rents payable	446	351

In the prior year the company benefited from the recovery of aged balances, including bad debts, totalling £263,000.

8 Staff costs

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

	2002 £'000	2001 £'000
Employee costs during the year amounted to:		
Wages and salaries	3,412	3,785
Social security costs	358	365
Other pension costs	139	114
	3,909	4,264

Staff costs do not include commissions payable to associates that are included in total commissions payable to registered representatives disclosed in note 3. At the end of the period there were 71 associates who were registered representatives of the group (2001 - 44).

8 **Staff costs** *(continued)*

The monthly average number of staff employed during the year was:

	2002 Number	2001 Number
Executive directors	**8**	8
Registered representatives – employees	**27**	20
Other staff	**81**	88
	116	116

9 **Directors' remuneration**

Aggregate remuneration

The total amounts for directors' remuneration and other benefits are shown below.

	2002 £	2001 £
Emoluments	**728,981**	770,373
Company contributions to personal pension schemes	**39,228**	39,578
	768,209	809,951

Directors' emoluments

Name of director	Fees/Basic Salary £	Taxable benefits £	Annual bonuses £	Personal pension contributions £	**Year ended 31 March 2002 Total £**	Period ended 31 March 2001 Total £
Executive						
M.J. Sunderland	88,300	13,834	–	6,181	**108,315**	117,115
S.J. Bailey	100,400	11,909	–	5,000	**117,309**	121,994
G.A. Cooper	64,325	13,845	–	4,503	**82,673**	86,034
R. Field (resigned 31 July 2001)	23,667	5,616	–	1,657	**30,940**	90,261
R.A. FitzGerald	87,000	11,055	–	6,090	**104,145**	106,516
S.K.W. Lam	83,358	11,209	–	5,835	**100,402**	87,701
W.H. Saunders (appointed 2 November 2001)	30,673	–	–	–	**30,673**	–
N.J. Simmonds	71,150	10,769	–	4,981	**86,900**	90,236
S.V. Simper	71,150	10,721	–	4,981	**86,852**	90,094
Non-Executive						
G.N. Kennedy CVO	20,000	–	–	–	**20,000**	20,000
H.M. Lim	–	–	–	–	–	–
H.S. Loh	–	–	–	–	–	–
M.J. Wright	–	–	–	–	–	–
Aggregate emoluments	640,023	88,958	–	39,228	**768,209**	809,951
Fees paid to third parties					**10,000**	10,000

9 Directors' remuneration *(continued)*

Executive directors are each eligible to receive a bonus, dependent on profits, paid at the discretion of the board. The bonus is payable annually out of a pool (divisible amongst all of the executive directors and others) calculated at the rate of 5% of the net profits of the company (as defined in the service contracts) where profits are between £400,000 and £1,000,000, 10% of profits between £1,000,000 and £2,000,000 and at the rate of 2.5% of profits to the extent that profits exceed £2,000,000.

Fees to third parties comprise amounts paid to Campbell Hooper, solicitors, under an agreement to provide the group with the services of Mr M.J. Wright as non-executive director.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to, or held by, the directors and their connected parties. Details of the options are as follows:

Name of Director	Period of option	Exercise price £	31 March 2001	Granted	Exercised	Lapsed	**31 March 2002**	Gains on exercise of share options
S.J. Bailey	July 1997 to July 2004	0.600	5,000	–	–	–	**5,000**	–
	July 1999 to July 2006	0.700	5,000	–	–	–	**5,000**	–
	July 2002 to July 2009	0.895	25,000	–	–	–	**25,000**	–
G.A. Cooper*	July 1997 to July 2004	0.600	7,500	–	(7,500)	–	–	6,337
	July 1999 to July 2006	0.700	11,500	–	–	–	**11,500**	–
	July 2002 to July 2009	0.895	25,000	–	–	–	**25,000**	–
	February 2003 to February 2010	1.645	4,000	–	–	–	**4,000**	–
R.A. FitzGerald	July 2002 to July 2009	0.895	50,000	–	–	–	**50,000**	–
S.K.W. Lam	July 2002 to July 2009	0.895	25,000	–	–	–	**25,000**	–
			158,000	–	(7,500)	–	**150,500**	6,337

* Includes connected parties, exercised when market price was £1.445.

Exercise of options is not subject to any performance related criteria. The market price of the ordinary shares at 31 March 2002 was £1.385 (2001 – £1.33) and the range during the year was £1.18 to £1.675 (2001 £1.30 – £2.70).

9 **Directors' remuneration** *(continued)*

Loans to directors

The group grants interest free loans to directors and other employees for the purpose of purchasing season tickets for travel to work. The following loans were outstanding:

	2002	2001
	£	£
S. J. Bailey	**516**	513
R. Field	**–**	561
N.J. Simmonds	**3,453**	4,810
	3,969	5,884

10 **Tax on (loss)/profit on ordinary activities**

The tax (credit)/charge is based on the (loss)/profit for the year and comprises:

	2002	2001
	£000	£000
UK Corporation tax at 29.15% (2001 - 30%)	**(193)**	431
Deferred tax credit	**(64)**	–
Adjustment in respect of prior periods	**(20)**	–
	(277)	431

The net tax credit for the year is £18,000 after taxation of £259,000 on the realisation of prior year revaluation gains in respect of the sale of London Stock Exchange shares (see note 15).

The group has adopted Financial Reporting Standard 19 in respect of the year, resulting in recognising a deferred tax asset of £64,000 at year end. The adoption of the new accounting policy did not materially affect the prior year figures so there is no resulting prior year adjustment for this change.

Deferred taxation of £906,000 (2001 – £863,000) (based upon 30% of the revalued amount) has not been provided against the revaluation of London Stock Exchange shares because there is no binding agreement in place requiring the group to dispose of the shares.

Notes **to financial statements**

For the year ended 31 March 2002

10 **Tax on (loss)/profit on ordinary activities** *(continued)*

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before tax	**(942)**	1,213
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 30% (2001 - 30%)	**(283)**	364
Effects of:		
Marginal relief	**(1)**	(1)
Expenses not deductible for tax purposes	**20**	15
Depreciation in excess of capital allowances	**36**	53
Utilisation of tax losses – loss carry back	**35**	–
Current tax charge for period	**(193)**	–

The company and group earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

11 **Dividends paid and proposed**

	2002 £'000	2001 £'000
Equity shares: Ordinary shares of 20p		
- interim paid of 2.25p (2001 - 2.25p) per share	**208**	207
- final proposed of 4.00p (2001 - 4.00p) per share	**410**	367
	618	574

12 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the post-tax loss for the financial year of £665,000 (2001 – post-tax profit of £782,000) and on 9,613,529 (2001 - 9,147,612) ordinary shares of 20p, being the weighted average number of ordinary shares in issue during the year.

The effect of options granted and commitments to issue shares in respect of acquisitions would be to reduce the reported loss per share, hence the diluted loss per share reported is the same as the basic loss per share. For the prior year, the calculation of diluted earnings per share is based on the post-tax profit for the prior year of £782,000 and on 9,448,078 ordinary shares, being the weighted average number of ordinary shares in issue during the year adjusted for dilutive potential ordinary shares of 300,466 (being share option schemes only).

In view of the size and nature of this year's exceptional administrative costs and the gain recognised in the profit and loss account for the sale of London Stock Exchange shares, the directors believe the loss per share calculated after adding back the after-tax effect of the exceptional costs and gain on sale of London Stock Exchange shares provides a helpful comparison of the ongoing results of the business. Adding back the after-tax cost of exceptional administrative expenses of £433,000, and subtracting the after-tax gain of £210,000 (2001 – after tax exceptional costs of £70,000) to the reported loss after taxation of £665,000 (2001 – profit after tax of £782,000) gives rise to a loss per share of the year of 4.6p (2001 – earnings per share of 9.3p).

13 Intangible fixed assets

Group Goodwill	Total £'000
Cost	
Balance at 1 April 2001	–
Additions	2,744
Balance at 31 March 2002	2,744
Amortisation	
Balance at 1 April 2001	–
Charge for the year	57
Balance at 31 March 2002	57
Net book value	
At 31 March 2001	-
At 31 March 2002	2,687

Goodwill, which arose during the year on the acquisition of Keith, Bayley, Rogers & Co. Limited, is written off in equal instalments over 20 years.

Notes **to financial statements**

For the year ended 31 March 2002

14 Tangible fixed assets

The movement during the year was as follows:

Group and company	Motor vehicles	Furniture and equipment	Computer software	Computer hardware	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 April 2001	166	491	984	983	2,624
Additions	–	85	125	43	253
Disposals	(78)	–	–	–	(78)
Balance at 31 March 2002	**88**	**576**	**1,109**	**1,026**	**2,799**
Depreciation					
Balance at 1 April 2001	74	267	509	672	1,522
Charge for the year	17	119	185	185	507
Disposals	(47)				(47)
Balance at 31 March 2002	**45**	**386**	**694**	**857**	**1,982**
Net book value					
At 31 March 2001	92	224	475	311	1,102
At 31 March 2002	**43**	**190**	**415**	**169**	**817**

15 Fixed asset investments

Group

	Investments at cost £'000	Investments at valuation £'000	Total £'000
At 1 April 2001	75	2,875	2,950
Disposals	–	(863)	(863)
Revaluation	–	1,010	1,010
At 31 March 2002	**75**	**3,022**	**3,097**

Company

	Investments at cost £'000	Investments at valuation £'000	Subsidiary undertaking £'000	Total £'000
At 1 April 2001	75	2,875	–	2,950
Additions	–	–	2,845	2,845
Disposals	–	(863)	–	(863)
Revaluation	–	1,010	–	1,010
At 31 March 2002	**75**	**3,022**	**2,845**	**5,942**

At 1 April 2001 the company owned 100,000 shares in the London Stock Exchange plc recorded at fair value of £2,875,000. During the year the company sold 30% of its holding for consideration of £1,164,000. £863,000 of this represents the revaluation gain recorded in the prior year relating to the shares sold and has been credited to the profit and loss account from the revaluation reserve. Tax at 30% on this part of the gain is £259,000 and has been recognised in the statement of total recognised gains and losses, resulting in a net realised revaluation gain of £604,000. The remainder of the gain over last year's valuation of £301,000 has been credited directly to the profit and loss account together with the associated tax charge. The remaining shares held at 31 March 2002 (700,000 following a 10 for 1 split) are held at the directors' estimate of fair value, regarded as the quoted market price on this day of £4.3175 per share.

Notes **to financial statements**

For the year ended 31 March 2002

15 **Fixed asset investments** *(continued)*

Subsidiary undertakings

Group	Country of incorporation	Principal activity	Class and percentage of shares held
Trading Subsidiary			
Keith, Bayley, Rogers & Co. Limited	England and Wales	Stockbroking	Ordinary shares 100%
Non-trading Subsidiaries			
Investorlink Limited	England and Wales	Agency Stockbroking*	Ordinary shares 100%
WB Nominees Limited	England and Wales	Nominee Company	Ordinary shares 100%
WCWB (PEP) Nominees Limited	England and Wales	Nominee Company	Ordinary shares 100%
WCWB (ISA) Nominees Limited	England and Wales	Nominee Company	Ordinary shares 100%
WCWB Nominees Limited	England and Wales	Nominee Company	Ordinary shares 100%

*Investorlink acts solely for and on behalf of Walker, Crips, Weddle, Beck plc

16 **Subsidiary undertaking**

On 2 November 2001 the company acquired the entire issued share capital of Keith, Bayley, Rogers & Co. Limited (KBR) for an initial consideration of 1,000,000 ordinary shares in Walker, Crips, Weddle, Beck plc and the payment of £500,000 in cash. The value of the consideration with respect to the 1,000,000 ordinary shares has been calculated to reflect the share price on 2 November 2001 of £1.21, which was the date the deal became unconditional. Additional consideration in shares of up to £3,000,000 in value based upon notional shares prices of £1.50 to £2.00 may be payable depending on the results of the business purchased over the four-year period ending 25 April 2003. Based on information currently available, the directors estimate that the fair value of this additional consideration is £843,000 calculated using the share price on 2 November 2001. The directors will adjust the estimate for deferred consideration and the resulting impact on goodwill over time in line with the actual results.

16 **Subsidiary undertaking** *(continued)*

On 2 November 2001, subsequent to the acquisition, the company subscribed to 50,000 shares in Keith, Bayley, Rogers & Co. Limited for consideration of £100,000.

Given no tangible assets were purchased as part of the acquisition, the directors have not presented a table setting out the book values of the identifiable assets and liabilities acquired and their value to the group

The value of the investment in KBR is made up as follows:-

Consideration paid	£'000
Cash	500
Acquisition costs	191
	691
1,000,000 new ordinary shares issued	1,210
Shares to be issued	843
Total consideration paid/goodwill arising on acquisition	2,744

Keith, Bayley, Rogers & Co. Limited, formerly trading as Keith, Bayley, Rogers & Co., a partnership, earned a profit before taxation of £ 843,000 in the year ended 27th April 2001, and approximately £147,000 in the period from 28th April 2001 to 5th November 2001, from which date the partnership stopped conducting business in its own name. The summarised profit and loss account (there are no other recognised gains and losses for the period) from 30th April 2001 to 5th November 2001, shown on the basis of the accounting policies of Keith, Bayley, Rogers & Co. prior to the acquisition, is as follows:

	Period ending 5 November 2001 £000's
Turnover	**1,735**
Cost of Sales	(712)
Gross Profit	**1,023**
Other operating expenses (net)	(866)
Operating Profit	**157**
Finance charges (net)	(10)
Profit on ordinary activities before taxation	**147**
Profit on ordinary activities after taxation	88

In the period between the date of acquisition and the group's year end of 31 March 2002, Keith, Bayley, Rogers & Co. Limited had a turnover of £1,111,000 and a profit before tax of £225,000 and a profit after tax of £159,000. The directors do not consider the pre and post acquisition results to be comparable in view of the integration of the KBR operations.

Notes **to financial statements**

For the year ended 31 March 2002

17 Debtors

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

	Group	Company	Company and Group
	2002	2002	2001
	£'000	£'000	£'000
Amounts falling due within one year:			
Due from clients, brokers and recognised stock exchanges	40,051	40,051	36,728
Other debtors	258	293	232
Intercompany debtors	–	22	–
Prepayments and accrued income	1,036	1,036	892
	41,345	41,402	37,852

18 Cash at bank and in hand

	Group	Company	Company and Group
	2002	2002	2001
	£'000	£'000	£'000
Short term cash deposits held at bank, repayable on demand with penalty	3,700	3,350	3,150
Cash deposits held at bank, repayable on demand without penalty	49	16	76
	3,749	3,366	3,226

Cash at bank and in hand does not include deposits of clients' monies placed by the group with banks and building societies in segregated client bank accounts (free money and settlement accounts). All such deposits are designated by the banks and building societies as clients' funds and are not available to them to satisfy any liability the group may have with them at any time. The amount of such net deposits, not included in the consolidated balance sheet, at 31 March 2002 was £57,951,000 (2001 – £49,945,000).

19 Creditors: Amounts falling due within one year

	Group	Company	Company and Group
	2002	**2002**	2001
	£'000	**£'000**	£'000
Bank overdrafts	**148**	**148**	-
Amounts due to clients, brokers			
and recognised stock exchanges	**38,166**	**38,166**	32,992
Other creditors			
- UK corporation tax payable	**30**	**–**	437
- social security and PAYE	**292**	**257**	160
- sundry creditors	**697**	**697**	832
Proposed dividends (note 11)	**410**	**410**	367
Accruals and deferred income	**1,053**	**1,053**	1,001
	40,796	**40,731**	35,789

20 Called-up share capital

	2002	2001
	£'000	£'000
Authorised		
26,850,000 (2001 – 26,850,000) ordinary shares of 20p each	**5,370**	5,370
Allotted, called-up and fully-paid		
10,238,654 (2001 – 9,179,654) ordinary shares of 20p each	**2,048**	1,836

During the year, 1,000,000 shares were issued as part of the acquisition of KBR as detailed in Note 16, and in addition the company allotted 59,000 ordinary shares with a nominal value of £11,800 (2001 - 83,000 ordinary shares with a nominal value of £17,000) in connection with the exercise of share options. The company received consideration of £37,000 in respect of the exercise of share options.

20 Called-up share capital (continued)

The company has granted options to certain directors, employees and associates in respect of the following shares:

	Number of shares subject to option	Period of option	Exercise Price £
Ordinary shares of 20p each	72,500	July 1997 to July 2004	0.600
Ordinary shares of 20p each	80,500	July 1999 to July 2006	0.700
Ordinary shares of 20p each	125,000	July 2002 to July 2009	0.895
Ordinary shares of 20p each	325,500	February 2003 to February 2010	1.645
Ordinary shares of 20p each	6,500	April 2003 to April 2010	1.820
Ordinary shares of 20p each	20,000	January 2004 to January 2011	1.900
Ordinary shares of 20p each	140,000	November 2004 to November 2011	1.500
	770,000		

21 Shares to be issued

Under the terms of the acquisition of Keith, Bayley, Rogers & Co. Limited, further shares may be issued in July 2003 based on a profit-related formula. See note 16.

	Expected date of issue	**Maximum value 2002 £'000**	**Estimated value 2002 £'000**	2001 £'000
Keith, Bayley, Rogers & Co. Limited	July 2003	**3,000**	**842**	–

22 Reserves

Group

	Share Premium Account £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Other Reserve £'000	Total £'000
At 1 April 2001	1,186	3,362	2,875	80	2	7,505
Retained loss for the year	–	(1,283)	–	–	–	(1,283)
Taxation on prior year revaluation gain realised	–	–	(259)	–	–	(259)
Share premium on exercise of options	26	–	–	–	–	26
Share premium on issue of 1,000,000 20p ordinary shares	1,010	–	–	–	–	1,010
Revaluation of investment at fair value	–	–	1,010	–	–	1,010
Transfer of realised gain (net of tax)	–	604	(604)	–	–	–
At 31 March 2002	**2,222**	**2,683**	**3,022**	**80**	**2**	**8,009**

Company

	Share Premium Account £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Other Reserve £'000	Total £'000
At 1 April 2001	1,186	3,362	2,875	80	2	7,505
Retained loss for the year	–	(1,386)	–	–	–	(1,386)
Taxation on prior year revaluation gain realised	–	–	(259)	–	–	(259)
Share premium on exercise of options	26	–	–	–	–	26
Share premium on issue of 1,000,000 20p ordinary shares	1,010	–	–	–	–	1,010
Revaluation of investment at fair value	–	–	1,010	–	–	1,010
Transfer of realised gain (net of tax)	–	604	(604)	–	–	–
At 31 March 2002	**2,222**	**2,580**	**3,022**	**80**	**2**	**7,906**

The other reserve represents a discount on acquisition of £2,000 arising from the acquisition of the business of Investorlink Limited. The directors regard the balance on the company's profit and loss account to be distributable.

23 Reconciliation of movement in group shareholders' funds

	2002 £'000	2001 £'000
Total recognised gains and losses for the year	**86**	3,657
Dividends paid and proposed	**(618)**	(574)
Exercise of options over ordinary shares of 20p	**37**	54
Shares to be issued	**843**	–
Issue of ordinary shares of 20p	**1,210**	-
Net increase in shareholders' funds	**1,558**	3,137
Opening shareholders' funds	**9,341**	6,204
Closing shareholders' funds	**10,899**	9,341

24 Reconciliation of operating (loss)/profit to operating cash flows

	2002 £'000	2001 £'000
Operating (loss)/profit	**(1,234)**	1,274
Depreciation and amortisation charges	**564**	538
Loss on sale of tangible fixed assets	**1**	–
(Increase)/decrease in debtors	**(3,493)**	87,973
Increase/(decrease) in creditors	**5,223**	(80,604)
Net cash inflow from operating activities	**1,061**	9,181

Net cash inflow from operating activities relates to continuing activities.

25 Analysis of cash flows

	2002 £'000	2001 £'000
Return on investments and servicing of finance		
Interest paid	(9)	(61)
Net cash outflow	(9)	(61)
Taxation		
UK corporation tax paid	(389)	(624)
Net cash outflow	(389)	(624)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(253)	(544)
Sale of tangible fixed assets	30	–
Sale of fixed asset investment (see note 15)	1,164	–
Net cash inflow/(outflow)	941	(544)
Management of liquid resources		
Net movement in short term cash deposits	(550)	(3,150)
Net cash outflow	(550)	(3,150)
Financing		
Issue of ordinary share capital	37	54
Net cash inflow	37	54

26 Analysis of cash and net debt

	2002 £'000	Cash flow £'000	2001 £'000
Cash deposits held at bank, repayable on demand without penalty	49	(27)	76
Bank overdrafts	(148)	(148)	–
Net debt	(99)	(175)	76

27 **Guarantees and other financial commitments**

a) *Charges over assets*

Fixed and floating charges over the assets of the group have been granted to the group's principal bankers to secure overdraft facilities. Letters of set-off are also in place allowing the bank to utilise the company's funds in credit to satisfy overdraft repayment.

b) *Capital commitments*

At the end of the year, there were capital commitments of £nil (2001 – £nil) contracted but not provided for and £nil (2001 – £nil) capital commitments authorised but not contracted for.

c) *Lease commitments*

The minimum annual property rentals under operating leases are as follows:

	2002	2001
	£'000	£'000
Other operating leases which expire		
- within 1 year	**–**	–
- within 2 to 5 years	**–**	–
- after 5 years	**439**	413

28 **Related parties**

Directors, employees, related parties and their spouses, and Phillip Brokerage Pte Limited, the company's principal shareholder, have dealt on standard commercial terms with the group. The commission earned by the group through such dealings is as follows:

	2002	2001
	£'000	£'000
Commissions received from directors, employees, registered persons and their spouses	**82**	81
Commissions received from Phillip Brokerage Pte Limited	**1**	2

Phillip Brokerage Pte Limited holds 28.87% of the ordinary share capital of the company as at 31 March 2002 (2001 - 32.20%). Other related parties include Campbell Hooper, Solicitors, of which Mr M.J. Wright, non-executive director, is a partner. Campbell Hooper provides certain legal services to the group on normal commercial terms and the amount paid during the year was £107,000 (2001 - £ 9,000).

An agreement has been reached with subsidiaries of Phillip Brokerage Pte Limited: POEMS Pte Limited and Phillip Securities (UK) Limited to share in the costs of hardware, development, maintenance and other related costs of an electronic on-line trading system. An amount of £49,000 (2001 – £79,000) was recovered by the group through this arrangement during the year.

W H Saunders, an executive director of the company and a former partner of KBR, together with the remaining former partners and registered representatives, will be entitled to receive further shares in WCWB in July 2003 as part of the deferred consideration to be issued under the terms of the acquisition agreement. His allocation will represent 32.08% of the total shares issued.

29 Derivatives and other financial instruments

The group's objectives and policies for holding financial instruments are for use in the normal course of business. The strategies for achieving these objectives are to minimise changes to the risk profile of the group, thereby exposing it to minimal financial risk.

The disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and other financial instruments: Disclosures" ("FRS 13"). As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures, other than the currency disclosures.

The group has no material financial assets other than sterling cash deposits of £3,749,000 (2001 - £3,226,000) which are part of the financing arrangements of the group. The sterling cash monies comprise deposits placed on deposit, at call and fixed periods up to one month. The group had no material borrowings at 31 March 2002 (2001 - £nil).

The group's non-sterling currency exposures are considered to be immaterial.

The group's financial liabilities at 31 March 2002 all fall due within one year.

The book value of the group's financial assets is not materially different from their fair values as at 31 March 2002.

Notice **of Annual General Meeting**

This document is important and requires your immediate attention.

Notice is hereby given that the Annual General Meeting of Walker, Crips, Weddle, Beck Plc (WCWB) will be held at The Olof Lundberg Conference Room, Inmarsat Limited, 99 City Road, London EC1Y 1AX on the 12th day of July 2002 at 12.00 noon for the following purposes:

As ordinary business

1. To receive the directors' report and audited accounts for the year ended 31 March 2002.

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions.

2. To declare a final dividend of 4p per ordinary share.

3. To re-elect as a director Mr. Graham Kennedy who retires by rotation.

4. To re-elect as a director Mr. Rodney FitzGerald who retires by rotation.

5. To re-elect as a director Mr. Sean Lam who retires by rotation.

6. To re-elect as a director Mr. Howard Saunders.

As special business

In the UK, an agreement for the partners and personnel of Arthur Andersen to join Deloitte & Touche has recently been concluded subject to regulatory consent. As a consequence of this, the board has decided that it is now appropriate to propose a resolution at the Annual General Meeting to appoint Deloitte & Touche as auditors to the group for the ensuing year.

7. To appoint auditors and to authorise the directors to fix their remuneration, special notice having been given of the intention to propose the following resolution as an ordinary resolution.

   That Deloitte & Touche be appointed as auditors, in place of Arthur Andersen, to act as such until the conclusion of the next Annual General Meeting.

To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution.

8. That the directors be and are hereby authorised generally and unconditionally to exercise all the powers of the company to allot relevant securities (in accordance with Section 80 of the Companies Act 1985) up to a maximum nominal amount of £682,577 (33.3%), such authority to expire, unless sooner renewed, revoked or varied by the company in general meeting, on the date of the next Annual General Meeting, but so that the company may, before such expiry, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to such offers or agreements as if the authority conferred had not expired. This authority shall replace any previous authority granted pursuant to Section 80 of the Companies Act 1985, such previous authority continuing in respect of shares issued, rights to subscribe or convert issued, or shares or rights contracted to be issued prior to the date of the passing of this resolution only.

To consider, and if thought fit, pass the following resolutions which will be proposed as special resolutions.

9. That the directors be and are hereby authorised and empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities pursuant to the authority, granted under resolution 5 above,

to allot unissued equity securities of the company pursuant to Section 80 of the Companies Act 1985, as if Section 89(1) of the Companies Act 1985 did not apply to the allotment of any such securities and prior to the expiry of such authority or the conclusion of the next Annual General Meeting of the company to so allot and to make offers or agreements which would or might require such equity securities to also be allotted after such expiry and to allot equity securities pursuant to such offers or agreements after such date of expiry, such power being limited to:

(a) the allotment of equity securities in connection with an issue of shares to holders of the ordinary shares of 20p each where the equity securities respectively attributable to the interest of such holders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares of 20p each held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlement or any legal or practical problems under the law of any territory or regulatory authority;

(b) the allotment of equity securities pursuant to the WCWB 1996 share option schemes; and

(c) the allotment (otherwise then pursuant to sub-paragraphs (a) and (b) above) of equity securities of up to an aggregate nominal amount not exceeding 10% of the issued share capital of the company at the date of the passing of this resolution.

10. That the company be and is hereby authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) on the London Stock Exchange Limited of ordinary shares of 20p each in the capital of the company ("Ordinary Shares") provided that:

a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% then in issue;

b) the minimum price which may be paid for any Ordinary Shares is 20p per Ordinary Share;

c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from The London Stock Exchange Daily Official List) for the 10 business days before the purchase is made;

d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the company after the passing of this Resolution; and

e) the company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant of any such contract or contracts. This resolution shall confer on the directors all rights for the company to make any such market purchase of the company's own shares as are required under the terms of Article 8.2.

By order of the Board

R.A. FitzGerald FCA
Secretary
14 June 2002

Shareholder's Notes

Walker, Crips, Weddle, Beck plc

Form of Proxy

For use at the Annual General Meeting of Walker, Crips, Weddle, Beck Plc to be held at 12.00 noon on 12 July, 2002 and at any adjournment thereof.

I/We ....
(BLOCK LETTERS PLEASE)

Of ....
Being (a) Member(s) of the above-named Company HEREBY APPOINT:

.... of ....
or failing him (or in the event that no person is named) G.N. Kennedy (Chairman of the company) or failing him M.J. Sunderland (Chief Executive) to act as my/our proxy and to vote for me/us on my/our behalf at the above mentioned meeting and any adjournment thereof, and I/we desire this proxy to be used as directed below or, failing any direction(s) as regards the Resolution(s), the proxy will abstain or vote at his discretion.

The manner in which the proxy is to vote should be indicated by inserting "X" in the box provided:

		For	Against
2)	To declare a final dividend of 4p per ordinary share		
3)	To re-appoint G.N. Kennedy as a director		
4)	To re-appoint R.A. Fitzgerald as a director		
5)	To re-appoint S.K.W. Lam as a director		
6)	To re-appoint W.H. Saunders as a director		
7)	To appoint Deloitte & Touche as Auditors and to authorise the directors to determine their remuneration		
8)	To confer authority on the company to allot equity securities of up to an aggregate nominal amount of £682,577		
9)	To authorise and empower the company to allot equity securities as if Section 89(1) of the Companies Act 1985 did not apply		
10)	To authorise the company to make market purchases of the company's shares in accordance with the conditions in resolution 10 on the Notice of Annual General Meeting		

Signed:.. Dated:.. 2002

(for a company see Note 2)

Notes:

1. A Member who is entitled to attend and vote at the meeting may appoint one proxy to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the company.
2. If the Member is a corporation, this form of proxy must be executed under the hand of a duly authorised officer.
3. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed, or a notarially certified or office copy of such power or authority, must be deposited with **Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA**, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. BM 3865

1

Neville Registrars Limited,
Neville House,
18 Laurel Lane,
Halesowen,
West Midlands,
B63 3BR

FIRST FOLD

THIRD FOLD

Directors, officers **and other information**

Executive directors

M.J. Sunderland	Chief Executive
S.J. Bailey	
G.A. Cooper	
R. Field	Resigned 31 July 2001
R.A. FitzGerald FCA	
S.K.W. Lam CPA	
W. H. Saunders	Appointed 2 November 2001
N.J. Simmonds	
S.V. Simper	

Non-executive directors

G.N. Kennedy CVO	Chairman
H.M. Lim	
H.S.Loh CPA	
M.J. Wright	Senior Independent Director

Secretary

R.A. FitzGerald FCA

Auditors

Arthur Andersen

Principal bankers

HSBC Bank Plc

Barclays Bank Plc

Registered office

Sophia House
76/80 City Road
London EC1Y 2EQ

Internet Dealing Made Easy
www.investelink.co.uk

Walker, Crips, Weddle, Beck plc
Stock & Share Brokers

MEMBER OF THE LONDON STOCK EXCHANGE PLC AND
REGULATED BY THE FINANCIAL SERVICES AUTHORITY LIMITED

Sophia House, 76/80 City Road, London EC1Y 2EQ
www.wcwb.co.uk
E-mail: client.services@wcwb.co.uk
Telephone: 020 7253 7502 Fax: 020 7253 7500
Client Services: 020 7553 9662
On-Line Dealing Service: 020 7871 2222