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N.P. RECORD PLC

REPORT AND ACCOUNTS
31 MARCH 1990

N.P. RECORD PLC

DIRECTORS' REPORT

The directors present their report and the audited consolidated accounts of the Company and its subsidiaries for the year ended 31 March 1990.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The Company is a holding company and the principal activities of its subsidiaries are financial management and consultancy services. The performance of the Company and its subsidiaries during the year and its financial position at the year end were satisfactory and prospects for the current year appear promising.

During the year the Group made further advances in its currency risk management activities. Record Treasury Management Limited added major new clients and increased its exposures managed for existing clients. The total risk managed now exceeds $2.5 billion. The Group continues its research in this area and now provides a complete foreign exchange management service for its clients.

Record Portfolio Management Limited had a disappointing year and the directors have decided to re-launch the Company with a new range of services to the corporate and institutional sector in the forthcoming year.

Record Fund Management Limited made a promising start in 1989. The directors believe that fund management will be a significant growth area for the Group and are in the final stages of development of a number of innovative investment ideas.

RESULTS

The Group profit statement for the year ended 31 March 1990 shows a profit after tax and minority interest of £503,228. The directors recommend the payment of a dividend of £717,392 and propose that the balance of £214,164 is met from reserves.

DIRECTORS

The directors of the Company and their interests in the ordinary shares of the Company are set out below:

	31 March 1990		31 March 1989	
	10p Ord No.	10p Emp No.	10p Ord No.	10p Emp. No.
N.P. Record	241,255	570	252,500	-
L.T. Halpin	49,750	310	-	-
D. Morrison	-	-	-	-
A. Weldon (appointed 27 April 1989)	62,500	-	62,500	-
I. Jay (retired 17 April 1989)	60,000	-	60,000	-

PERSONNEL

During the year the Company has continued to add staff of exceptional quality to maintain our high levels of service. The Employee Incentive Scheme instituted last year has been of great benefit in motivating and retaining staff and we are pleased to note that nearly all eligible employees are now shareholders in the Company.

FIXED ASSETS

The Group has continued to invest in the latest computer technology in order to provide a highly efficient service to its clients. Additional purchases of motor vehicles and office fixtures have been made in line with the increases in staff.

RECORD HALL LIMITED

On 13 June 1989, N.P. Record plc subscribed for 43,333 £1 preference shares of Record Hall Limited at par.

On 31 August 1989 the Company purchased the remaining 35% of the issued ordinary share capital and 13.3% of the issued preference share capital not held by the Company for a total cash consideration of £19,740.

RECORD FUND MANAGEMENT LIMITED (formerly SD Fortythree Limited)

On 12 April 1989 the Company subscribed for 80% of the issued ordinary share capital of Record Fund Management Limited (formerly SD Fortythree Limited). This company commenced trading on 1st April 1990 providing fund management strategies to other companies within the Group.

CLOSE COMPANY

In the opinion of the directors the Company was a close company at 31 March 1990 within the meaning of the Income and Corporation Taxes Act 1988.

INCREASE IN SHARE CAPITAL

On 2 June 1989, 50,000 10p ordinary shares were issued to L.T. Halpin under the Executive Share Option Scheme at a price of 18p each, with payment received in full.

On 30 August 1989 the authorised share capital of the Company was altered to now include 10,000 employee class shares of 10p each with the balance of 90,000 shares remaining as ordinary share capital. On the same date, 1,840 employee class shares of 10p each were issued at a price of £17.50 each under the Employee Incentive Scheme.

As a result of the above share issues, an amount of £36,016 was credited to the Share Premium Account included in reserves.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be reappointed and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board
L.T. Halpin
Secretary

1 June 1990

L Halpin

N.P. RECORD PLC

AUDITORS' REPORT TO THE MEMBERS OF N.P. RECORD PLC

We have audited the accounts on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 March 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

6 June 1990

Thames Court
1 Victoria Street
Windsor

N.P. RECORD PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1990

	Notes	1990	1989
		£	£
TURNOVER	2	1,669,831	1,652,575
Administrative expenses		(1,030,921)	(736,667)
OPERATING PROFIT		638,910	915,908
Other income		6,833	12,288
Share of profit of related partnership	8	12,935	6,738
Interest receivable		137,889	84,918
Interest payable		(1,536)	(3,425)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		795,031	1,016,427
Tax on profit on ordinary activities	6	(289,451)	(342,352)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		505,580	674,075
MINORITY INTERESTS		(2,352)	(17,514)
PROFIT FOR THE FINANCIAL YEAR		503,228	656,561
PROPOSED DIVIDEND		(717,392)	(357,500)
TRANSFER TO/(FROM) RESERVES	16	(214,164)	299,061

The notes on pages 8 to 15 form part of these accounts.

N.P. RECORD PLC

CONSOLIDATED BALANCE SHEET - 31 MARCH 1990

	Notes	1990 £	1990 £	1989 £	1989 £
FIXED ASSETS					
Tangible assets	7		287,820		291,798
Investments	8		30,519		17,584
			318,339		309,382
CURRENT ASSETS					
Debtors	9	790,672		649,307	
Cash at bank and in hand		1,069,637		1,035,229	
		1,860,309		1,685,536	
CREDITORS					
(amounts falling due within one year)	10	(1,617,500)		(1,249,328)	
NET CURRENT ASSETS			242,809		436,208
TOTAL ASSETS LESS CURRENT LIABILITIES			561,148		745,590
PROVISION FOR LIABILITIES AND CHARGES					
Deferred tax	11		-		(777)
Minority interests	12		(2,372)		(17,550)
			558,776		727,263
CAPITAL AND RESERVES					
Called up share capital	13		55,184		50,000
Share premium account	14		36,016		-
Other reserves	15		4,477		-
Profit and loss account	16		463,099		677,263
			558,776		727,263

Approved by the Board on 1 June 1990.

N.P. Record

L.T. Halpin

The notes on pages 8 to 15 form part of these accounts.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 MARCH 1990

	1990		1989	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities before tax		795,031		1,016,427
Adjustments for items not involving the movement of funds:				
Depreciation		113,769		60,726
Profit/(loss) on sale of fixed assets		789		(20,996)
Share of profit of related partnership		(12,935)		(6,415)
		896,654		1,049,742
Funds from other sources:				
Proceeds from sale of fixed assets		21,100		40,845
Investment in associated company		20		35
Issue of shares		41,200		-
		958,974		1,090,622
APPLICATION OF FUNDS				
Acquisition of minority interest	13,074		-	
Purchase of tangible assets	131,680		276,684	
Tax paid	458,143		99,208	
Dividend paid	357,500		60,000	
		(960,397)		(435,892)
		(1,423)		654,730
INCREASE/(DECREASE) IN WORKING CAPITAL				
Debtors		(98,265)		(47,353)
Creditors		(26,808)		(84,750)
INCREASE/(DECREASE) IN NET LIQUID FUNDS				
Cash at bank and in hand	33,908		863,186	
Bank overdraft	89,742	123,650	(76,353)	786,833
		(1,423)		654,730

The notes on pages 8 to 15 form part of these accounts.

N.P. RECORD PLC

BALANCE SHEET - 31 MARCH 1990

	Notes	1990		1989	
		£	£	£	£
FIXED ASSETS					
Investments	8		113,237		37,651
CURRENT ASSETS					
Debtors	9	872,207		672,500	
Cash at bank and in hand		39,443		1,423	
		911,650		673,923	
CREDITORS					
(amounts falling due within one year)	10	(751,790)		(475,160)	
NET CURRENT ASSETS			159,860		198,763
TOTAL ASSETS LESS CURRENT LIABILITIES			273,097		236,414
CAPITAL AND RESERVES					
Called up share capital	13		55,184		50,000
Share premium account	14		36,016		-
Profit and loss account	16		181,897		186,414
			273,097		236,414

Approved by the Board on 1 June 1990.

N.P. Record

L.T. Halpin

The notes on pages 8 to 15 form part of these accounts

NOTES TO THE ACCOUNTS - 31 MARCH 1990

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are stated below.

(b) Basis of consolidation

The consolidated accounts incorporate those of N.P. Record plc and its subsidiary companies.

(c) Turnover

Turnover represents the invoiced value of management services rendered (excluding value added tax), the net profit from currency transactions, fees received from portfolio advisory services and consultancy, and funds received from advice on investment strategies. Profits and losses on currency transactions are accounted for on the maturity of each contract; provision is made for any foreseeable losses arising from open contracts.

(d) Depreciation

Tangible fixed assets are stated at cost and are depreciated on a straight line basis from the date of purchase over their estimated useful economic lives as follows:

Motor vehicles	-	4 years
Computer equipment	-	2 years
Fixtures & fittings	-	4 years
Leasehold premises	-	35 months to rent review December 1991

(e) Deferred tax

Deferred tax is provided for on the liability method in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts to the extent that it is probable the liability will be payable in the foreseeable future.

(f) Investment in related partnership

The Group's share of the profits of the related partnership, whose accounts have been made up to 31 March 1990, is included in the profit and loss account. In the balance sheet the investment is stated at cost plus the Group's share of profits.

(g) Leasing

Assets obtained under finance leases are capitalised and depreciated on a straight line basis over their estimated useful life. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

2 TURNOVER

	1990 £	1989 £
Currency management and consultancy	1,626,266	1,391,580
Profit on foreign exchange dealing	23,565	18,460
Portfolio advisory services and consultancy	20,000	120,322
Leasing trading activities	-	122,213
	1,669,831	1,652,575

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

The profit on ordinary activities before tax is stated after charging:

	1990 £	1989 £
Depreciation	113,769	60,726
Auditors' remuneration	11,500	6,745
Interest payable on bank and other borrowings repayable within 5 years	1,536	3,425
Operating lease rentals - buildings	65,000	31,022

4 EMPLOYEES

The average number of people employed by the group during the year was 14 (1988: 10)

The costs in respect of their employment were:	1990 £	1989 £
Wages and salaries	490,388	378,150
Social security costs	41,412	39,586
Pension costs	29,999	16,939
	561,799	434,675

Employees whose emoluments exceed £30,000	1990 No.	1989 No.
£30,001 - £35,000	-	3
£35,001 - £40,000	4	-
£40,001 - £45,000	2	-

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the scheme during the year.

The Group introduced an Employee Incentive Scheme in 1989 whereby 10% of before tax profits are distributed to employees. Employees may use the bonus payment to purchase Employee Class shares in N.P. Record plc.

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

5 DIRECTORS' EMOLUMENTS

	1990 £	1989 £
Directors' emoluments	205,880	191,546
Emoluments, excluding pension contributions, of the Chairman and highest paid director	104,672	94,078

The other directors received emoluments, excluding pension contributions, in the following ranges :

	1990 No.	1989 No.
£0 - 5,000	3	2
£85,001 - £90,000	1	1

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1990 £	1989 £
UK Corporation Tax at 25% and 35% (1989 - 25% and 35%)	289,172	343,950
Adjustments in respect of prior years	279	(1,598)
	289,451	342,352

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

7 TANGIBLE FIXED ASSETS

	Leasehold premises	Computer equipment	Motor vehicles	Fixtures and Fittings	Total
	£	£	£	£	£
Cost					
At 1 April 1989	46,413	118,801	140,885	109,993	416,092
Additions	-	27,784	82,015	21,881	131,680
Disposals	-	-	(33,301)	-	(33,301)
At 31 March 1990	46,413	146,585	189,599	131,874	514,471
Depreciation					
At 1 April 1989	2,652	75,142	24,256	22,245	124,295
Charge for the year	15,912	29,435	41,640	26,782	113,769
Disposals	-	-	(11,413)	-	(11,413)
At 31 March 1990	18,564	104,577	54,483	49,027	226,651
Net book amount					
At 31 March 1990	27,849	42,008	135,116	82,847	287,820
At 31 March 1989	43,761	43,658	116,629	87,748	291,797

NOTE: The amount shown for leasehold premises represents the premium cost of acquiring the leasehold on the premises at 32 Peascod Street, Windsor, Berkshire.

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

8 INVESTMENTS

Group

Investment in related partnership

	£
Balance at 1 April 1989	17,584
Share of profits in year	12,935
At 31 March 1990	30,519

The investment in a related partnership represents a 25% share of the Windsor Fund Partnership. The Partnership trades in forward currency and futures contracts. In the year to 31 March 1990 it made a profit attributable to the partners of £51,788. At 31 March 1990 the net assets of the Partnership were £124,184.

Company	1990 £	1989 £
Record Treasury Management Limited	10,000	10,000
Record Portfolio Management Limited	10,000	10,000
Record Group Services Limited	10,000	2
Record Hall Limited	52,638	65
Record Fund Management Limited	80	-
Windsor Fund Partnership	30,519	17,584
At 31 March 1990	113,237	37,651

The Company owns the whole of the issued and allotted share capital of Record Treasury Management Limited, Record Portfolio Management Limited, Record Hall Limited and Record Group Services Limited, all of which are incorporated in Great Britain. The principal activities of Record Treasury Management Limited are currency management and consultancy, and of Record Portfolio Management Limited are portfolio advisory services, whilst Record Group Services Limited acts as a group service company, Record Hall Limited did not trade in the current year. On 13 June 1989, the Company subscribed for 43,333 preference shares of £1 each of Record Hall Limited at par. On 31 August 1989 the Company purchased the remaining 35% of the issued ordinary share capital and 13.3% of the issued preference share capital of Record Hall Limited for a total cash consideration of £19,740. The shares in Record Fund Management Limited (formerly SD Fortythree Limited) were acquired on 2 February 1989 when the Company subscribed for 80 ordinary shares of £1 each at par. Record Fund Management Limited acts as an adviser in specialised investment strategies.

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

9 DEBTORS

	Group 1990 £	Group 1989 £	Company 1990 £	Company 1989 £
Trade debtors	372,049	477,972	-	-
Deposits held by Gill & Duffus Ltd	-	2,486	-	-
Amounts owed by Group company	-	-	13,910	53,333
Other debtors	370,159	139,463	148,297	119,167
Prepayments and accrued income	48,464	29,886	-	-
Dividends receivable from subsidiaries	-	-	710,000	500,000
	790,672	649,807	872,207	672,500

Other debtors includes £239,131 (1989 : £119,167) of Advance Corporation Tax recoverable in more than one year. Other debtors of the Company includes £29,131 (1989: Nil) of Advance Corporation Tax recoverable in more than one year.

10 CREDITORS (amounts falling due within one year)

	Group 1990 £	Group 1989 £	Company 1990 £	Company 1989 £
Bank overdraft (unsecured)	10,924	100,666	-	780
Trade creditors	64,736	26,103	-	-
Amounts owed to Group companies	-	-	-	12,620
Corporation Tax	626,376	555,161	34,398	104,260
Other tax and social security	43,811	20,836	-	-
Accruals and deferred income	154,261	182,395	-	-
Proposed dividend	717,392	357,500	717,392	357,500
Other creditors	-	6,667	-	-
	1,617,500	1,249,328	751,790	475,160

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

11 PROVISION FOR LIABILITIES AND CHARGES

	Group 1990 £	Group 1989 £
Deferred tax	-	(777)

The amount provided for deferred tax represents accelerated capital allowances. Full provision has been made for deferred tax at a Corporation Tax rate of 35%.

12 MINORITY INTERESTS

The amount shown represents the external interest in the capital and reserves of Record Fund Management Ltd, an 80% subsidiary.

13 CALLED UP SHARE CAPITAL

	1990 £	1989 £
Authorised		
Ordinary shares of 10p each	90,000	100,000
Employee Class Shares of 10p each	10,000	-
	100,000	100,000
Allotted and Fully Paid		
Ordinary shares of 10p each	55,000	50,000
Employee Class shares of 10p each	184	-
	55,184	50,000

On 2 June 1989, 50,000 10p ordinary shares were issued to *L.T. Halpin under the Executive Share Option Scheme* at a price of [illegible]3p each, with payment received in full.
On 30 August 1989 the authorised share capital of the Company was altered to now include 10,000 employee class shares of 10p each with the balance of 90,000 shares remaining as ordinary share capital. On the same date, 1,840 employee class shares of 10p each were issued at a price of £17.50 each.

14 SHARE PREMIUM ACCOUNT

	Group £	Companies £
At 1 April 1989	-	-
Reserves arising on share issues	36,016	36,016
At 31 March 1990	36,016	36,016

N.P. RECORD PLC

NOTES TO THE ACCOUNTS - 31 MARCH 1990 (CONTINUED)

15 OTHER RESERVES

Other reserves arise from the discount on acquisition of the remaining shares of Record Hall Limited on 31 August 1989.

16 PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At 1 April 1989	677,263	186,414
Transferred to/(from) reserves	(214,164)	(4,517)
At 31 March 1990	463,099	181,897

The Company has taken advantage of s.228(7) of the Companies Act 1985 and a separate profit and loss account for the Company itself is not therefore presented. The amount of the consolidated profit for the year attributable to share holders includes a loss of £4,517 which is dealt with in the accounts of the holding company.

17 CONTINGENT LIABILITIES

(i) The Company, together with its subsidiaries, has given a cross guarantee in respect of certain indebtedness of the Group. The amount of such indebtedness at 31 March 1990 was £10,924.

(ii) At 31 March 1990, a subsidiary had outstanding contracts for the sale and purchase of foreign currencies.

(iii) A former client has commenced proceedings against Record Treasury Management Ltd. The proceedings already instituted, and any further proceedings will be vigorously defended. Based on opinions from Counsel and the Group's legal advisers, the Board has determined that it is not appropriate to make any provision in respect of these matters.

18 OPERATING LEASE COMMITMENTS

The Group has a commitment of £65,000 per annum in respect of a lease on a building which expires in more than 5 years.