N P Record plc

Report & Accounts

31 March 1996

Company Registration No: 1927640

N P RECORD PLC

DIRECTORS' REPORT

The directors present their report and the audited consolidated accounts of the Company and its subsidiary undertakings for the year ended 31 March 1996.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The Company is a holding company and the principal activities of its subsidiary undertakings are currency risk management, fund management and consultancy services. Its financial position at the year end was satisfactory and prospects for the current year appear promising as product and geographical diversification continue to progress.

During the year the Group has continued its marketing effort in the United States and has now established a presence there with an office in Boston, full time US based employees and a US consultant. To manage this additional resource in the US, a new UK subsidiary company, Record Treasury Management (US) Limited, has been created. This additional focus on the US market has raised the Group profile there and resulted in a very successful period for signing new currency overlay clients. The total amount of risk under mandate in the Group now exceeds $ 5 billion.

The performance of the currency funds under management has been below the long term expected returns. As a result, the funds under management have not increased during the year. The Group continues its commitment to product development to broaden both the services offered and the client base. It has successfully extended its consultancy services during the year.

RESULTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 March 1996 set out on page 5, shows a loss after tax of £649,347 (1995: loss £295,358). No interim dividend was paid to shareholders (1995: £nil). The directors do not recommend the payment of a final dividend (1995: £nil) and propose that the deficit for the year is deducted from reserves.

DIRECTORS

During the year the shareholders approved the conversion of all outstanding 10 pence Employee class shares in the Company into 10 pence Ordinary class shares. The purpose of this class of share was to encourage employee share ownership which is now being addressed through employee share option incentives.

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

	SHARES			
	1996		1995	
	10p Ord No.	10p Emp✞ No.	10p Ord No.	10p Emp No.
N P Record (Chairman) - beneficial	244,682	-	240,375	4,350
- non-beneficial	4,050	-	4,050	-
L T Halpin	51,070	-	49,420	1,650
M D Timmins***	493	-	-	-
D J Morrison*	-	-	-	-
Sir J W F Nott** - beneficial	10,000	-	20,000	-
- non-beneficial	10,000	-	-	-
A H D Weldon* - beneficial trust****	12,000	-	-	-
- non-beneficial	122,500	-	122,500	-

✞ The Employee class share did not exist on 31 March 1996 - see note above.

* Indicates non-executive.

** Sir J W F Nott resigned on 26 October 1995.

*** M D Timmins was appointed as an executive director on 26 October 1995, and at which time owned 450 ordinary 10 pence shares in the Company.

**** Shares owned by Martinique Holdings Limited (12,000) are held in a trust of which A H D Weldon is a beneficiary.

DIRECTORS' REPORT (Continued)

The Group operates an Approved Employee Share Option Scheme under which employees and directors are allocated options to purchase ordinary 10p shares in the parent company, N P Record plc. During the year a director was granted options, as shown in the chart below, exerciseable at £2.50 per share between 1998-2005. The chart shows the directors' interests in share options at the beginning and at the end of the financial year. In addition, a weighted average option price is shown for each director's option holding as at 31 March 1996.

	SHARE OPTIONS				
	Balance 1 April 1995	Granted	Exercised or lapsed	Balance 31 March 1996	Weighted average option price
N P Record	3,862	-	-	3,862	£12.33
L T Halpin	9,400	-	-	9,400	£13.38
M D Timmins	4,575	2,000	-	6,575	£ 8.36
A H D Weldon*	-	-	-	-	-
D J Morrison*	-	-	-	-	-

* Indicates non-executive

L T Halpin will retire by rotation at the annual general meeting and, being eligible, will offer himself for re-election.

M D Timmins was appointed as a director on 26 October 1995. In accordance with the Articles of Association he will retire at the Annual General Meeting and, being eligible, will offer himself for re-election.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has maintained insurance to cover directors' and officers' liability as defined by s310(3)(a) of the Companies Act 1985 (as amended).

PERSONNEL

During the year the Group has retained staff of exceptional quality to maintain its high levels of service. The Group aims to motivate and retain staff by ensuring that remuneration and benefits are competitive.

FIXED ASSETS

The Group has maintained its investment in computer technology in order to provide a highly efficient service to its clients. The investment in motor vehicles significantly reduced during the year as the majority of employees elected to opt out of the company car scheme. No replacement vehicles were purchased during the year.

DIRECTORS' REPORT (CONTINUED)

CLOSE COMPANY

In the opinion of the directors, the Company was a close company at 31 March 1996 within the meaning of the Income and Corporation Taxes Act 1988.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year. The directors are also required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors consider that in preparing the accounts on pages 5 to 19, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable, have been followed.

The directors have responsibility for ensuring that the Company and Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and Group and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed and a resolution to that effect will be proposed at the Annual General Meeting.

By Order of the Board

M D Timmins
Secretary

17 June 1996

Company Registration No : 1927640

AUDITORS' REPORT TO THE MEMBERS OF N P RECORD PLC

We have audited the accounts on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and Group as at 31 March 1996 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
Thames Court
1 Victoria Street
Windsor
Berkshire
SL4 1HB

17 June 1996

N P RECORD PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996	1995
		£	£
TURNOVER	2	1,053,662	1,395,901
Administrative expenses		(1,748,700)	(1,882,503)
OPERATING LOSS	2	(695,038)	(486,602)
Income from interest in associated undertaking		-	2,975
Increase/(Decrease) in market value of trade investment	9	4,047	(5,875)
Interest receivable		46,038	74,946
Interest payable	3	(152)	(1,625)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	3	(645,105)	(416,181)
Tax on loss on ordinary activities	6	(4,242)	120,823
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(649,347)	(295,358)
LOSS FOR THE FINANCIAL YEAR DEDUCTED FROM RESERVES	13	(649,347)	(295,358)

The Group has no recognised gains or losses in the year other than those shown above.

The notes on pages 9 to 19 form part of these accounts.

N P RECORD PLC

CONSOLIDATED BALANCE SHEET - 31 MARCH 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		70,949		147,312
Investments	9		170,983		165,806
			241,932		313,118
CURRENT ASSETS					
Debtors	10	620,264		490,982	
Cash at bank and in hand		338,579		943,086	
		958,843		1,434,068	
CREDITORS amounts falling due within one year	11	(315,438)		(242,073)	
NET CURRENT ASSETS			643,405		1,191,995
TOTAL ASSETS LESS CURRENT LIABILITIES			885,337		1,505,113
CAPITAL AND RESERVES					
Called up share capital	12		58,538		57,288
Share premium account	13		301,726		277,969
Profit and loss account	13		833,350		1,478,133
GROSS SHAREHOLDERS' FUNDS			1,193,614		1,813,390
Goodwill written-off	13		(308,277)		(308,277)
NET SHAREHOLDERS' FUNDS	13		885,337		1,505,113

Approved by the Board on 17 June 1996

N P Record

L T Halpin

The notes on pages 9 to 19 form part of these accounts.

N P RECORD PLC

COMPANY BALANCE SHEET - 31 MARCH 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Investments	9		191,550		197,403
CURRENT ASSETS					
Debtors	10				
amounts falling due after more than one year		870,092		870,117	
Cash at bank and in hand		64,138		115	
		934,230		870,232	
CREDITORS					
amounts falling due within one year	11	(200)		(100)	
NET CURRENT ASSETS			934,030		870,132
TOTAL ASSETS LESS CURRENT LIABILITIES			1,125,580		1,067,535
CAPITAL AND RESERVES					
Called up share capital	12		58,538		57,288
Share premium account	13		301,726		277,969
Profit and loss account	13		765,316		732,278
TOTAL SHAREHOLDERS' FUNDS	13		1,125,580		1,067,535

Approved by the Board on 17 June 1996

N P Record

L T Halpin

The notes on pages 9 to 19 form part of these accounts.

N P RECORD PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1996

	1996		1995	
	£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES (Note A)		(862,964)		(474,323)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	47,940		74,946	
Interest paid	(152)		(1,625)	
Dividends paid	-		-	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		47,788		73,321
TAXATION				
Corporation tax paid/(recovered)		126,315		(680,123)
INVESTING ACTIVITIES				
Purchase of tangible fixed assets	(29,637)		(6,819)	
Sale of tangible fixed assets	59,550		67,836	
Receipt from investment	-		2,975	
NET CASH INFLOW FROM INVESTING ACTIVITIES		29,913		63,992
NET CASH OUTFLOW BEFORE FINANCING		(658,948)		(1,017,133)
FINANCING				
Issue of ordinary share capital (Note D)	25,007		9	
NET CASH INFLOW FROM FINANCING		25,007		9
DECREASE IN CASH AND CASH EQUIVALENTS (Note B)		(633,941)		(1,017,124)

The notes on page 9 form part of this cash flow statement.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

A RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating loss	(695,038)	(486,602)
Depreciation for year	80,408	131,346
Profit on sale of fixed assets	(33,958)	(13,165)
(Increase)/Decrease in debtors	(255,114)	117,214
Increase/(Decrease) in creditors	40,738	(223,116)
Net cash outflow from operating activities	(862,964)	(474,323)

B ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1996	1995 £
Opening	943,086	1,965,064
Net cash outflow	(633,941)	(1,017,124)
Exchange difference	2,625	(4,854)
Closing	311,770	943,086

C ANALYSIS OF CASH AND CASH EQUIVALENTS

	Movement £	1996 £	1995 £
Cash at bank and in hand	(604,507)	338,579	943,086
Bank Overdraft	(26,809)	(26,809)	-
	(631,316)	311,770	943,086

D ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital (inc. premium) 1996 £	Share Capital (inc. premium) 1995 £
Opening	335,257	335,248
Cash inflow from issue of shares	25,007	9
Closing	360,264	335,257

NOTES TO THE ACCOUNTS - 31 MARCH 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared in accordance with applicable accounting standards. The principal accounting policies which the directors have adopted are stated below.

(b) Basis of consolidation

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

(c) Turnover

Turnover represents the invoiced value of currency risk and fund management and consultancy services rendered (excluding value added tax), and the net profit or loss from currency transactions. 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

(e) Accounting for acquisitions

Newly acquired subsidiaries are consolidated from the effective date of their acquisition. Goodwill, being the excess of the cost of the businesses acquired over the fair values of the net assets is taken directly to Group reserves.

(f) Foreign currencies

The profits and losses of foreign subsidiaries are translated into sterling at the average rates prevailing during the year, and the assets and liabilities are translated into sterling at the rates ruling at the year end. The resulting exchange differences are dealt with through reserves. Other assets and liabilities expressed in foreign currencies are translated into sterling at the rates ruling at the year end and exchange differences arising thereon are dealt with through the profit and loss account.

(g) Pensions

The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

(h) Deferred tax

Deferred tax is provided for using 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 that in the opinion of the directors a liability will be payable in the foreseeable future.

(i) Trade Investments

Trade investments are stated at market value.

(j) Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

(k) Research and development

Research and development costs are charged to the profit and loss account as incurred.

2 SEGMENTAL ANALYSIS

(a) Classes of business

The Group activities have been analysed between the two major trading activities, currency risk management and currency fund management, plus other Group activities.

	1996	1995
	£	£
Turnover		
Currency risk management	622,639	710,230
Currency fund management	436,702	524,363
Other Group activities	(5,679)	161,308
	1,053,662	1,395,901
Operating Loss		
Currency risk management	(477,489)	(264,838)
Currency fund management	(183,594)	(159,488)
Other Group activities	(33,955)	(62,276)
	(695,038)	(486,602)
Net Assets		
Currency risk management	591,435	754,952
Currency fund management	252,631	578,695
Other Group activities	41,271	171,466
	885,337	1,505,113

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

2 SEGMENTAL ANALYSIS (Continued)

(b) Geographical segments

The geographical analysis of turnover is based on destination. All turnover originated in the UK.

	1996	1995
	£	£
Currency risk management		
UK	204,766	285,846
US	249,149	0
Other	168,724	424,384
Total currency risk management	622,639	710,230
Currency fund management		
Bermuda	128,513	158,667
Middle East	0	54,080
Other	308,189	311,616
Total currency fund management	436,702	524,363
Other Group activities - UK	(5,679)	161,308

Total operating losses arose primarily from UK activities and the net assets are primarily attributable to the UK.

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAX

The loss on ordinary activities before tax is stated after charging/(crediting) :

	1996	1995
	£	£
Depreciation	80,408	131,346
Auditors' remuneration		
Audit	14,565	16,560
Other services	11,702	10,450
Interest payable on bank and other borrowings repayable within 5 years	152	1,625
Operating lease rentals - payable - Windsor premises	86,000	86,000
- London premises	30,500	30,000
- receivable	(14,753)	(19,500)
Profit on sale of Fixed Assets	33,958	13,165
Research and development expenditure	8,000	37,422

Research and development costs refer to the charges for services rendered by third parties. The portion of employees' salaries attributable to research and development have not been disaggregated from wages and salaries.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

4 EMPLOYEES

The average number of people employed by the Group during the year was 24 (1995 : 27).

The costs in respect of their employment were :

	1996	1995
	£	£
Wages and salaries	798,768	823,132
Social security costs	80,420	99,710
Pension costs	69,202	65,212
	948,390	988,054

The Group operates an Inland Revenue approved Profit Related Pay scheme (PRP) and a discretionary bonus scheme which rewards outstanding effort and achievement.

5 DIRECTORS' EMOLUMENTS

	1996	1995
	£	£
Directors' emoluments (including pension contributions)	201,279	242,272
Emoluments (excluding pension contributions) of:		
The Chairman	68,954	90,354
The highest paid director	77,468	100,103

The directors, including those above, received emoluments, excluding pension contributions, in the following ranges :

	1996	1995
	No.	No.
£0 - £5,000	3	2
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
£65,001 - £70,000	1	-
£75,001 - £80,000	1	-
£90,001 - £95,000	-	1
£100,001 - £105,000	-	1

The aggregate amount of emoluments waived by five directors was £36,916.

Directors' loans

Name	Date of loan	Outstanding at 1 April 1995	Outstanding at 31 March 1996	Maximum liability in period
		£	£	£
N P Record*	5 April 1995	-	3,793	5,000
L T Halpin	25 January 1996	-	4,375	5,000
M D Timmins	25 January 1996	-	4,583	5,000

Loans were made to employees for the purchase of cars on the disbandment of the company car scheme. All loans are made at 0% interest and are repayable within 2 years.

* Of this amount £2,500 relates to a car loan and £1,293 relates to an outstanding invoice for payroll services at the year end. This balance arises monthly and is repayable within one month. No interest charge is made.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
UK Corporation Tax at 25% (1995 - 25% and 33%)	5,007	(125,550)
Adjustments in respect of prior years	(765)	4,727
Overseas Taxation	3,686	-
Double Taxation Relief	(3,686)	-
	4,242	(120,823)

At the year end the Group had potential deferred tax assets, which have not been recognised in the accounts, of £31,000 (1995: £38,000) in respect of deferred capital allowances and £9,000 (1995: £12,000) in respect of other short-term timing differences.

7 DIVIDENDS

	1996	1995
	£	£
Paid	-	-

No dividends were paid or proposed during the year.

8 GROUP TANGIBLE FIXED ASSETS

	Leasehold premises	Computer equipment	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 April 1995	46,413	243,960	151,608	299,265	741,246
Additions	-	29,125	-	512	29,637
Disposals	-	(14,989)	(140,473)	(199)	(155,661)
At 31 March 1995	46,413	258,096	11,135	299,578	615,222
Depreciation					
At 1 April 1995	46,413	233,889	97,418	216,214	593,934
Charge for the year	-	13,068	28,416	38,924	80,408
Disposals	-	(14,989)	(115,080)	-	(130,069)
At 31 March 1996	46,413	231,968	10,754	255,138	544,273
Net book amounts					
At 31 March 1996	-	26,128	381	44,440	70,949
At 31 March 1995	-	10,071	54,190	83,051	147,312

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 1996 (CONTINUED)

9 INVESTMENTS

Group

	Trade investments
	£
Balance at 1 April 1995	165,806
Increase in market value	4,047
Exchange	1,130
Balance at 31 March 1996	170,983

The trade investments are in Thames Currency Fund Limited and Record Fund Management (Bermuda) Limited, companies incorporated and trading in Bermuda.

Company

	1996	1995
	£	£
Record Treasury Management Limited	10,000	10,000
Record Treasury Management (US)Limited	100	-
Record Portfolio Management Limited	10,000	10,000
Record Group Services Limited	310,000	10,000
Less investment written off in Record Group Services Limited	(310,000)	-
Record Fund Management Limited	360	360
Record Fund Management (Bermuda) Limited	17,813	17,813
Thames Currency Fund Limited	153,277	149,230
	191,550	197,403

The Company made a permanent contribution to capital of £300,000 by way of gift to Record Group Services Limited. The Company's increased investment of £310,000 in this subsidiary undertaking has been written off during the year.

Particulars of subsidiary undertakings

Name	Nature of business
Record Treasury Management Limited	Currency risk management and consultancy
Record Group Services Limited	Management services to other group undertakings
Record Treasury Management (US) Limited	Sales and marketing service in the United States to Record Treasury Management Limited.
Record Fund Management Limited	No transactions during the year
Record Portfolio Management Limited	Provider of investment advice
Record Fund Management (Bermuda) Limited	To act as manager to Thames Currency Fund Limited and Thames Currency Fund II Limited

* The group's interest in the equity capital is 100% in all cases.

** All of the above are incorporated in England & Wales other than Record Fund Management (Bermuda) Limited which is incorporated in Bermuda.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

9 INVESTMENTS (Continued)

Reconciliation of movements on investments during the year

	1996
	£
Balance at 1 April 1995	197,403
Increase in market value of trade investment	4,047
Investment in subsidiary undertaking Record Treasury Management (US) Limited	100
Increase in investment in subsidiary undertaking Record Group Services Limited	300,000
Write off of Investment in subsidiary undertaking Record Group Services Limited	(310,000)
Balance at 31 March 1996	191,550

10 DEBTORS

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Trade debtors	425,632	217,212	-	-
Amounts owed by a subsidiary undertaking	-	-	870,092	870,117
Tax recoverable	-	136,511	-	-
Other debtors	35,761	8,333	-	-
Prepayments	158,871	128,926	-	-
	620,264	490,982	870,092	870,117

The Company has indicated that it will not require repayment of the amount owed by a subsidiary undertaking until the financial position of the subsidiary has improved, which is expected to be after more than one year.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

11 CREDITORS (amounts falling due within one year)

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank Overdraft	26,809	-	-	-
Trade creditors	90,374	81,991	-	-
Amounts owed to subsidiary undertakings	-	-	200	100
Corporation tax	5,007	-	-	-
Other tax and social security	41,233	27,849	-	-
Accruals and deferred income	152,015	132,233	-	-
	315,438	242,073	200	100

12 CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised		
Ordinary Shares of 10p each	100,000	90,000
Employee Class Shares of 10p each	-	10,000
	100,000	100,000
Allotted and Fully Paid		
Ordinary Shares of 10p each	58,538	56,658
Employee Class Shares of 10p each	-	630
	58,538	57,288

During the year 12,500 Ordinary class shares of 10 pence were allotted and fully paid for a consideration of £25,000 in respect of payment of legal fees for an underwriting agreement with Martinique Holdings Limited of which A H D Weldon is a beneficiary. During the year the shareholders approved the conversion of all outstanding 10 pence Employee class shares into 10 pence Ordinary class shares.

Share Options

	1996	1995
	number	number
Opening	151,202	121,170
Granted during year	10,000	31,462
Exercised/(lapsed during year)	-	(1,430)
Closing	161,202	151,202

Options over 10,000 Ordinary shares were issued during the year and are exerciseable at £2.50 each from 1998-2005. Options over 31,462 Ordinary shares are exerciseable at £10.00 each from 1997-2004. Options over 4,740 Ordinary shares are exerciseable at £22.00 each from 1996-2003 and the remainder of 115,000 are exerciseable at £13.20 each up to the year 1997.

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	Called up Share Capital	Share premium account	Goodwill written-off	Profit and Loss account	1996 Net shareholders' funds	1995 Net shareholders' funds
	£	£	£	£	£	£
Opening	57,288	277,969	(308,277)	1,478,133	1,505,113	1,808,854
Adjustment to reserves	-	-	-	-	-	(1,983)
Retained loss for the year	-	-	-	(649,347)	(649,347)	(295,358)
Exchange	-	-	-	4,564	4,564	(6,409)
Issue of Shares	1,250	23,757	-	-	25,007	9
Net Addition to shareholders' funds	1,250	23,757	-	(644,783)	(619,776)	(303,741)
Closing	58,538	301,726	(308,277)	833,350	885,337	1,505,113

Company

	Called up Share Capital	Share premium account	Profit and Loss account	1996 Total shareholders' funds	1995 Total shareholders' funds
	£	£	£	£	£
Opening	57,288	277,969	732,278	1,067,535	1,069,838
Retained profit/(deficit) for the year	-	-	33,038	33,038	(2,312)
Issue of shares	1,250	23,757	-	25,007	9
Net Addition to Shareholders' funds	1,250	23,757	33,038	58,045	(2,303)
Closing	58,538	301,726	765,316	1,125,580	1,067,535

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (CONTINUED)

The Company has taken advantage of s.230(1)(b) 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 shareholders includes a profit of £33,038 (1995: loss of £2,312) which is dealt with in the accounts of the holding company.

14 PENSIONS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £69,202 (1995: £65,212).

15 CONTINGENT LIABILITIES

(i) The Company, together with its subsidiary undertakings, has given a cross guarantee in respect of certain indebtedness of the Group. The amount of such indebtedness at 31 March 1996 was £26,809 (1995: £373). This amount relates to a bank overdraft in Record Group Services Limited.

(ii) At 31 March 1996, a subsidiary undertaking had outstanding contracts for the sale and purchase of foreign currencies in the normal course of business.

(iii) The Company has given Abingworth plc an indemnity in respect of costs incurred as a result of being party to the lease on the offices at 32 Peascod Street which expires in December 2011.

(iv) The Company has confirmed that it will make additional amounts available to Record Group Services Limited, by way of a loan if this is necessary.

16 OPERATING LEASE COMMITMENTS

The Group has a commitment of £86,000 per annum (1995: £86,000) in respect of a lease on a building which expires in more than 5 years. There was a further lease commitment of £35,000 per annum (1995: £35,000) in respect of a lease on a building which expired in October 1995 against which a provision of £30,140 (1995: £37,941) has been made to cover outstanding rent, dilapidation and other expenses. There is a further commitment of £32,000 per annum (1995: £30,000) in respect of a lease on office space in London with a break clause operable in between 2 and 5 years.