

**FISKE PLC**  
**(formerly Fiske & Co. Limited)**

**Reports and Financial Statements**

**31 May 2000**



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COMPANIES HOUSE

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**REPORT AND FINANCIAL STATEMENTS 2000**

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**DIRECTORS, SECRETARY AND ADVISERS**

**DIRECTORS**

Geoffrey Maitland Smith, FCA (Non-Executive Chairman)  
Clive Fiske Harrison (Chief Executive)  
Sylvia June Ellen Earp (Finance Director)  
David Ernest Fitzgerald (Executive Director)  
Francis Gerard Luchini (Compliance Director)  
Alan Dennis Meech (Dealing Director)  
Stephen John Cockburn (Non-Executive Director)

**COMPANY SECRETARY**

Sylvia June Ellen Earp

**REGISTERED OFFICE**

Salisbury House  
London Wall  
London EC2M 5QS

**NOMINATED ADVISER**

Grant Thornton  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

**NOMINATED BROKER**

Fiske plc  
Salisbury House  
London Wall  
London EC2M 5QS

**SOLICITORS**

Dechert (formerly Titmuss Sainer Dechert)  
2 Serjeants' Inn  
London EC4Y 1LT

**AUDITORS**

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

**BANKERS**

National Westminster Bank Plc  
International Banking Group  
1 Princes Street  
London EC2R 8PB

**REGISTRARS**

Capita IRG Plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## **CHAIRMAN'S STATEMENT**

This has been a most interesting year for Fiske plc. I was invited to join the Board and become Chairman in March this year when the Company obtained its share quotation on the Alternative Investment Market (AIM). This was a successful operation creating a market in the Company's shares, raising a net £467,000 of additional working capital and increasing the Company's profile. I would like to record the Board's appreciation to our team of advisers which ensured a successful debut for our Company as a quoted public limited company. We have separated the roles of Chairman and Chief Executive, with C F Harrison assuming the latter role. As announced at the last AGM, S J Cockburn, who is a director of Jove Investment Trust which is one of our major shareholders, joined the Board last September in a non-executive role.

It is very pleasing in our first report as a quoted company to be able to report record profits. The Board is recommending, subject to shareholder approval, a final dividend of 3.75p per share which, with the interim dividend paid in March 2000 equivalent to 1.25p, makes a total for the year of 5p. This will be covered over three times by earnings.

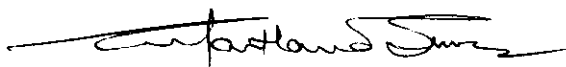
Last year we referred to our ownership of one 'B' share in the London Stock Exchange. This has now been converted into 100,000 ordinary shares of 5p each. Dealings in these shares began on the 24 July this year on a matched bargain basis. The holding is carried in our balance sheet at nil value. On the 7 August 2000 the shares were trading at approximately £20 per share. The Board will keep this major investment under review.

The past financial year has consisted of two contrasting periods. In the first six months modest profits were achieved, whilst in the second half, due to increased activity, exceptional profits were made. The general levels of stock market activity resulted in this excellent second six months, added to which we participated fully in the corporate and dealing activity of that period. We believe that our preferred role as advisory brokers has worked to the benefit of our clients.

The events of the past year have put exceptional pressure on my co-Directors, Associates and staff. I wish to pay tribute to the efforts and contributions that so many of them have made, to the year's performance.

We see the future growth and profitability of the Company closely linked with aligning the interests of both those who work at Fiske and with our shareholders. We are encouraged to note that most of those who work for the Company as Directors, Associates or staff are either shareholders or holders of options or both.

The profits made during the year together with the additional capital raised at the time of the flotation, gives the Company a strong and liquid Balance Sheet. We look forward with confidence to another successful year of trading.



G Maitland Smith  
Chairman

16 August 2000

## **CORPORATE GOVERNANCE**

The Board has given consideration to the code provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange. AIM listed companies are not required to give Corporate Governance disclosure. However, the Directors have chosen to provide certain information which they believe will be helpful having regard to the scale and nature of the Company's activities. In particular, the following have been adopted.

### **Going concern**

Having considered the guidance given in the document Going Concern and Financial Reporting: Guidance for Directors of Listed Companies issued in November 1994 by the Going Concern Working Group, the Directors have formed a judgement at the time of approving these financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in the financial statements.

### **Internal financial control**

The Board of Directors has overall responsibility for the Company's systems of internal financial control, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- regular consideration by the Board of actual results;
- compliance with operating procedures and policies;
- annual review of the Company's insurance cover;
- defined procedures for the appraisal and authorisation of capital expenditure and capital disposals; and
- regular consideration of the Company's liquidity position.

The Board reviews the effectiveness of the Company's systems of internal financial control.

### **Directors' Remuneration and Nomination Committee**

The principal function of the Remuneration and Nomination Committee is to determine the policy on executive remuneration. The Committee consists of two Non-Executive Directors, G Maitland Smith and S J Cockburn, and the Chief Executive, C F Harrison. The Chairman of the Committee is G Maitland Smith.

The main aim of the Committee's policy is to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for Executives comprises basic salary, bonus, other benefits in kind and options granted. Details of Directors' remuneration and the executive share option scheme are given in the notes to the financial statements. In addition, on an annual basis the Committee reviews the composition of the Board and is responsible to the Board for recommending all new Board appointments.

### **Audit Committee**

The Audit Committee, comprising S J Cockburn (Chairman), G Maitland Smith and F G Luchini, meets at least twice a year. It reviews the Company's external audit arrangements, including the cost effectiveness of the audit and the independence and objectivity of the auditors and internal financial controls. It also reviews the interim and full year financial statements prior to their submission to the Board, the application of the Company's accounting policies, any changes to financial reporting requirements and such other related matters as the Board may require. The external auditors and executive directors may be invited to attend the meetings.

## **DIRECTORS' REPORT**

The directors present their report together with the audited financial statements for the year ended 31 May 2000.

### **ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company consists of private client and institutional stockbroking and the provision of corporate financial advice. The Company is regulated by The Securities and Futures Authority and is a member of The London Stock Exchange.

A review of the year and future developments is contained in the Chairman's Statement on page 2.

### **RESULTS AND DIVIDEND**

The results of the company for the year are set out on page 8. An interim dividend was paid during the year equivalent to 1.25p per share (1999 - £nil); the directors propose a final dividend of 3.75p per share making a total for the year of 5p (1999 equivalent 1.25p). If approved the final dividend will be paid on the 28 September 2000 to shareholders on the register at 8 September 2000.

### **SHARE CAPITAL**

Movements in the share capital during the year are set out in note 18 to the accounts.

### **FIXED ASSETS**

Information on movements in fixed assets is shown in Notes 10 and 11 to the accounts.

At 31 May 2000, the Company owned one London Stock Exchange ordinary 'B' share which, on the 8 June 2000, was converted to 100,000 ordinary shares of 5p each.

### **DIRECTORS' INTERESTS**

The directors who served during the year, and their beneficial interests at the end of the year in the shares of the company, were as follows:

		<b>Ordinary 25p shares At 31 May 2000</b>	<b>Ordinary £1 shares At 31 May 1999</b>
G Maitland Smith	(Chairman, Non executive) (appointed 31 March 2000)	7,500	-
C F Harrison	(Chief Executive Officer)	2,221,428	626,131
S J E Earp		8,000	2,000
D E Fitzgerald		556,360	135,223
F G Luchini		24,000	-
A D Meech		298,000	74,500
The Marquess of Ailesbury	(retired 31 December 1999)	56,664	14,166
W L Short	(Non executive) (retired 31 August 1999)	400,000	100,000
S J Cockburn	(Non executive) (appointed 23 September 1999)	10,000	-

**DIRECTORS' REPORT (continued)**

The following options over unissued ordinary shares of 25p have been granted, during the year, free of charge to the Directors:

<b>Directors</b>	<b>Number of ordinary shares</b>	<b>Date of grant</b>	<b>Exercise price per ordinary share</b>	<b>Exercise date</b>
F G Luchini	75,000	31.12.99	28.75p	1.01.2003
F G Luchini	75,000	31.12.99	28.75p	1.01.2005
A D Meech	20,000	24.02.00	37.50p	1.01.2003
S J E Earp	20,000	24.02.00	37.50p	1.01.2003

The closing market price of the Company's ordinary shares of 25p at the 31 May 2000 was £1.55.

**Major Shareholdings**


Shareholders, other than Directors, holding more than 3% of the shares of the company at 31 May 2000 were:

	<b>Ordinary Shares</b>	<b>%</b>
Talbot Nominees Ltd	1,200,000	18.46
B A F Harrison	460,000	7.08
Fiske Nominees Ltd	416,625	6.41
W L Short	400,000	6.15
A R F Harrison	222,348	3.42

**AUDITORS**

A resolution to reappoint Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

  
S J E Earp  
Secretary

16 August 2000

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**FISKE PLC**  
**(formerly Fiske & Co. Limited)**

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 8 to 21 which have been prepared under the accounting policies set out on page 12.

**Respective responsibilities of directors and auditors**

The Directors are responsible for preparing the Annual Report, including as described on page 6 preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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 regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 the Company's affairs as at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants  
and Registered Auditors

16 August 2000

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 2000**

	Note	2000 £	1999 £
<b>TURNOVER</b>			
Gross commission receivable	1	6,915,531	3,330,012
Commission payable	1	(2,882,395)	(1,286,749)
Other income	1	484,530	316,265
		<u>4,517,666</u>	<u>2,359,528</u>
Staff costs	2,3	(1,352,352)	(949,912)
Depreciation	10	(98,083)	(83,943)
Other operating charges		(1,639,282)	(1,189,200)
		<u>(3,089,717)</u>	<u>(2,223,055)</u>
<b>OPERATING PROFIT</b>	4	<u>1,427,949</u>	<u>136,473</u>
Income from fixed asset investments	11	2,429	-
Interest receivable and similar income	5	143,721	73,794
Interest payable and similar charges	6	(22,091)	(3,928)
		<u>124,059</u>	<u>69,866</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,552,008</u>	<u>206,339</u>
Tax on profit on ordinary activities	7	(519,000)	(55,650)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>1,033,008</u>	<u>150,689</u>
Dividends paid and proposed	8	(317,825)	(63,392)
<b>Retained profit for the financial year</b>	19	<u>715,183</u>	<u>87,297</u>
<b>Retained profit brought forward</b>		<u>186,639</u>	<u>99,342</u>
<b>Retained profit carried forward</b>		<u>901,822</u>	<u>186,639</u>
Earnings per share	9	<u>17.1p</u>	<u>2.9p</u>
Diluted earnings per share	9	<u>16.5p</u>	<u>2.9p</u>

All activities relate to continuing operations; there are no recognised gains or losses other than the profit for the current and prior years.

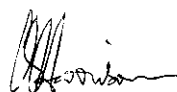
**BALANCE SHEET**  
**31 May 2000**

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	10	244,881	242,231
Investments	11	74,682	5
		<u>319,563</u>	<u>242,236</u>
<b>CURRENT ASSETS</b>			
Market and client debtors	12	37,281,284	15,002,555
Other debtors	13	318,389	281,132
Cash at bank and in hand	14	3,039,510	2,814,660
		<u>40,639,183</u>	<u>18,098,347</u>
<b>CREDITORS: amounts falling due within one year</b>			
Market and client creditors	15	(36,422,393)	(16,267,220)
Other creditors	16	(1,663,294)	(591,029)
		<u>(38,085,687)</u>	<u>(16,858,249)</u>
<b>NET CURRENT ASSETS</b>		<u>2,553,496</u>	<u>1,240,098</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,873,059	1,482,334
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	(3,617)	(7,845)
		<u>2,869,442</u>	<u>1,474,489</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	1,625,000	1,287,842
Share premium account	19	342,620	8
Profit and loss account	19	901,822	186,639
<b>EQUITY SHAREHOLDERS' FUNDS</b>	19	<u>2,869,442</u>	<u>1,474,489</u>

These financial statements were approved by the Board of Directors on 16 August 2000.

Signed on behalf of the Board of Directors

C F Harrison



S J E Earp



**CASH FLOW STATEMENT**  
For the year ended 31 May 2000

**RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit	1,427,949	136,473
Depreciation charges	98,083	83,943
(Increase)/decrease in debtors	(22,329,232)	2,085,310
Increase/(decrease) in creditors	20,572,272	(1,047,363)
	<u>                    </u>	<u>                    </u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(230,928)</b>	<b>1,258,363</b>
	<u>                    </u>	<u>                    </u>

	<b>Note</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(230,928)</b>	<b>1,258,363</b>
<b>Returns on investment and servicing of finance</b>	1	124,059	69,866
<b>Taxation</b>			
UK corporation tax paid		(35,174)	(21,030)
<b>Capital expenditure</b>	1	(175,410)	(212,034)
<b>Equity dividends paid</b>		(137,467)	-
<b>Financing</b>	1	679,770	-
		<u>                    </u>	<u>                    </u>
<b>Increase in cash</b>		<b>224,850</b>	<b>1,095,165</b>
		<u>                    </u>	<u>                    </u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

Increase in cash in the year	2	<u>224,850</u>	<u>1,095,165</u>
Change in net cash		224,850	1,095,165
Net funds at 1 June 1999		2,814,660	1,719,495
		<u>                    </u>	<u>                    </u>
Net funds at 31 May 2000		<u>3,039,510</u>	<u>2,814,660</u>
		<u>                    </u>	<u>                    </u>

**NOTES TO THE CASH FLOW STATEMENT**  
**For the year ended 31 May 2000**

**1. GROSS CASH FLOWS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	143,721	73,794
Interest paid	(22,091)	(3,928)
Dividends received	2,429	-
	<u>124,059</u>	<u>69,866</u>
 <b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(100,733)	(212,034)
Payment to acquire fixed asset investment	(74,677)	-
	<u>(175,410)</u>	<u>(212,034)</u>
 <b>Financing</b>		
Issue of ordinary share capital	337,158	-
Premium on issue of ordinary share capital less expenses	342,612	-
	<u>679,770</u>	<u>-</u>

**2. ANALYSIS OF CHANGES IN NET CASH**

	<b>At 1</b>		<b>At 31</b>
	<b>June</b>	<b>Cash</b>	<b>May</b>
	<b>1999</b>	<b>flows</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	2,814,660	224,850	3,039,510
	<u>2,814,660</u>	<u>224,850</u>	<u>3,039,510</u>

**ACCOUNTING POLICIES**  
**Year ended 31 May 2000**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover comprises:

- i) Gross commission from acting as agent in investment business, less commissions shared and paid away to external introducers of business and associates.
- ii) Invoiced fee income from corporate advisory services.
- iii) Other income.

Turnover is stated after deduction of value added tax.

**Balances with clients and counterparties**

In accordance with market practice, certain balances with clients, Stock Exchange member firms and settlement offices are included gross in debtors and creditors for their unsettled bought and sold transactions respectively.

**Foreign currency translation**

Transactions in foreign currencies are recorded in sterling at the ruling rates of exchange on the dates of the transactions. Assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

**Tangible fixed assets and depreciation**

For all tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be as follows:

Office furniture and equipment	-	4 years
Computer equipment	-	3-5 years

**Fixed asset investments**

Fixed asset investments are held at cost less provision for permanent impairment in value.

**Leased assets**

The costs of operating leases are charged to the profit and loss account as they accrue.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Clients' money**

The company holds money on behalf of clients in accordance with the Clients' Money Rules of the Securities and Futures Authority. With the exception of money arising in the course of clients' transactions, as disclosed in note 14, such monies and the corresponding liability to clients are not shown on the face of the balance sheet. The amount so held on behalf of clients at the year end is stated in note 22.

**NOTES TO THE ACCOUNTS**  
Year ended 31 May 2000

**1. TURNOVER**

Turnover comprises:

	2000	1999
	£	£
Commission receivable	6,605,667	3,149,451
PEP commission	309,864	180,561
	<u>6,915,531</u>	<u>3,330,012</u>
Commission payable to third parties	(24,258)	(17,795)
Commission payable to associates	(2,858,137)	(1,268,954)
	<u>(2,882,395)</u>	<u>(1,286,749)</u>
Net agency dealing commissions	4,033,136	2,043,263
Corporate finance fees	37,500	33,750
Other income	447,030	282,515
	<u>4,517,666</u>	<u>2,359,528</u>

**2. STAFF COSTS**

The average number of employees, including Directors, employed by the company within each category of persons was:

	2000	1999
	No.	No.
Dealing and sales staff	7	7
Settlement staff	13	10
Administration staff	8	9
	<u>28</u>	<u>26</u>

Employee, including Directors, costs comprise:

	£	£
Wages, salaries and other staff costs	1,172,688	856,274
Social security costs	179,664	93,638
	<u>1,352,352</u>	<u>949,912</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**3. DIRECTORS**

**a) Directors' emoluments comprise:**

	2000 £	1999 £
Emoluments	<u>542,483</u>	<u>371,928</u>
Highest paid director's remuneration: Emoluments	<u>119,418</u>	<u>103,086</u>

No director received any pension contributions or awards under a share option scheme or other long-term incentive schemes during the year.

The emoluments of the directors for the current and previous year are as follows:

31 May 2000	Gross salary £	Bonus £	Fees £	Commission £	Benefits £	Total £
G Maitland Smith(1)	-	-	5,000	-	-	5,000
C F Harrison	80,000	-	-	-	26,136	106,136
S J E Earp	50,000	25,000	-	-	535	75,535
D E Fitzgerald	61,667	40,000	-	-	1,529	103,196
F G Luchini	71,667	36,500	-	-	784	108,951
A D Meech	45,960	22,500	-	49,909	1,049	119,418
The Marquess of Ailesbury (2)	-	-	11,667	3,064	349	15,080
W L Short (3)	-	-	2,500	-	-	2,500
S J Cockburn (4)	-	-	6,667	-	-	6,667
	<u>309,294</u>	<u>124,000</u>	<u>25,834</u>	<u>52,973</u>	<u>30,382</u>	<u>542,483</u>

- (1) Appointed 31 March 2000  
(2) Retired 31 December 1999  
(3) Retired 31 August 1999  
(4) Appointed 23 September 1999

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**3. DIRECTORS (continued)**

31 May 1999	Gross salary £	Bonus £	Fees £	Commission £	Benefits £	Total £
C F Harrison	80,000	-	-	-	23,086	103,086
S J E Earp	50,000	-	-	-	515	50,515
D E Fitzgerald	58,333	-	-	-	1353	59,686
F G Luchini	65,000	-	-	-	736	65,736
A D Meech	45,000	-	-	11,624	1,092	57,716
The Marquess of Ailesbury	20,000	-	-	3,640	416	24,056
W L Short	10,000	-	-	-	1,133	11,133
	<u>328,333</u>	<u>-</u>	<u>-</u>	<u>15,264</u>	<u>28,331</u>	<u>371,928</u>

**b) Directors' balances**

The directors' trading balances have been included within client debtors and creditors and Directors' current account balances are included in other debtors and creditors as appropriate.

During the year, there were balances on a Director's current account for C F Harrison which require disclosure as a loan, in accordance with schedule 6 of the Companies Act 1985.

The balance at 31 May 2000 was £nil (1999 - £54,656), the maximum balance during the year was £59,972 having been repaid prior to the flotation of the Company in March 2000. Since then no such loans have been advanced to Directors.

**c) Related party transactions**

Directors and staff are entitled to deal in securities through Fiske Plc in accordance with "in house" dealing rules, which include the provision that Directors and staff are entitled to reduced commission rates.

Other than the above there were no transactions with related parties during the year requiring disclosure under Financial Reporting Standard 8.

**4. OPERATING PROFIT**

	2000 £	1999 £
<b>Operating profit is arrived at after charging:</b>		
Auditors' remuneration	40,978	57,590
Other fees payable to auditors	60,922	11,229
Operating lease rentals - Land and buildings	94,329	93,036
- Other	21,923	8,868
	<u>219,152</u>	<u>170,723</u>

Corporate finance fees of £69,325 (1999 - £nil) were paid to the auditors which were charged to the share premium account in respect of the flotation of the Company in March 2000.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2000 £	1999 £
<b>Interest receivable:</b>		
Banks	139,714	60,343
Clients	4,007	13,451
	<u>143,721</u>	<u>73,794</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £	1999 £
<b>Interest payable:</b>		
Bank loans, overdrafts and other interest payable	22,091	3,928
	<u>22,091</u>	<u>3,928</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £	1999 £
<b>Taxation is based on the results for the year and comprises:</b>		
United Kingdom corporation tax at 30% (1999 : 20% ) based on the profit for the year	523,228	48,512
Deferred taxation	(4,228)	5,188
Adjustment in respect of prior years	-	1,950
	<u>519,000</u>	<u>55,650</u>

The disproportionately high tax charge was due to items of expenditure which are non-deductible for tax purposes.

**8. DIVIDENDS PAID AND PROPOSED**

	2000 £	1999 £
Interim paid ordinary dividend equivalent to 1.25p per share (1999 – nil)	74,075	-
Final proposed ordinary dividend of 3.75p per share (1999 – equivalent to 1.25p)	243,750	63,392
	<u>317,825</u>	<u>63,392</u>

The employee share option purchase scheme waived the entitlement to any dividend on its holding of 18,000 ordinary shares of 25p each (1999 -20,000 ordinary shares of £1 each).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**9. EARNINGS PER SHARE**

	<b>31 May 2000 Diluted earnings per share</b>	<b>31 May 2000 Earnings per share</b>	<b>31 May 1999 Diluted earnings per share</b>	<b>31 May 1999 Earnings per share</b>
Earnings	1,033,008	1,033,008	150,689	150,689
Number of shares	6,276,586	6,057,289	5,151,368	5,151,368
Earnings per share	16.5p	17.1p	2.9p	2.9p

**Calculation of number of shares**

At 1 June 1999	5,151,368	5,151,368	5,151,368	5,151,368
Weighted average number of shares issued on:				
14 June 1999	818,489	818,489	-	-
29 March 2000	87,432	87,432	-	-
Dilutive effect of share option scheme	219,297	-	-	-
At 31 May 2000	6,276,586	6,057,289	5,151,368	5,151,368

The calculation of number of shares in the above table has been adjusted to provide equivalent amounts following the share split on 13 March 2000.

**10. TANGIBLE FIXED ASSETS**

	<b>Office furniture and equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 June 1999	143,115	330,313	473,428
Additions	9,854	90,879	100,733
At 31 May 2000	152,969	421,192	574,161
<b>Accumulated depreciation</b>			
At 1 June 1999	110,492	120,705	231,197
Charge for year	14,450	83,633	98,083
At 31 May 2000	124,942	204,338	329,280
<b>Net book value</b>			
At 31 May 2000	28,027	216,854	244,881
At 31 May 1999	32,623	209,608	242,231

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**11. INVESTMENTS**

	<b>Fixed asset investment £</b>
<b>Cost</b>	
At 1 June 1999	5
Additions	74,677
	<hr/>
At 31 May 2000	74,682
	<hr/>
<b>Net book value</b>	
At 31 May 2000	74,682
	<hr/>
At 31 May 1999	5
	<hr/>

The company is the beneficial owner of 100% of the share capital of Fiske Nominees Limited, a company registered in England and Wales. No group accounts have been prepared as the inclusion of Fiske Nominees Limited is not material for the purpose of showing a true and fair view. The aggregate amount of the capital and reserves of Fiske Nominees Limited as at 31 May 2000 was £5. Fiske Nominees Limited has not traded and has therefore made neither a profit nor a loss.

The additions represent an investment in CRESTCO Limited on which a dividend of £2,429 (1999 - £nil) was received during the year.

The company is also the beneficial owner of 100,000 London Stock Exchange ordinary shares of 5p each which have been included at nil cost (1999 - £nil).

**12. MARKET AND CLIENT DEBTORS**

	<b>2000 £</b>	<b>1999 £</b>
Market balances	21,981,193	6,512,633
Clients' balances	15,300,091	8,489,922
	<hr/>	<hr/>
	37,281,284	15,002,555
	<hr/>	<hr/>

**13. OTHER DEBTORS**

	<b>2000 £</b>	<b>1999 £</b>
Sundry debtors	39,955	67,339
Prepayments	271,370	193,483
Corporation tax recoverable	7,064	20,310
	<hr/>	<hr/>
	318,389	281,132
	<hr/>	<hr/>

**14. CASH AT BANK AND IN HAND**

Cash at bank includes £1,873,306 (1999 - £2,280,750) received in the course of settlement of client bargains. This amount is held by the company in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**15. MARKET AND CLIENT CREDITORS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Market balances	23,508,579	5,610,767
Clients' balances	12,913,814	10,656,453
	<u>36,422,393</u>	<u>16,267,220</u>

**16. OTHER CREDITORS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Sundry creditors	527,653	268,631
Corporation tax	523,320	48,512
Other taxation and social security	-	2,440
Accruals	368,571	208,054
Proposed dividend	243,750	63,392
	<u>1,663,294</u>	<u>591,029</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Deferred taxation as at 1 June	7,845	1,657
(Release)/charge for year	(4,228)	5,188
Deferred taxation as at 31 May	<u>3,617</u>	<u>7,845</u>

The amounts of deferred taxation liability provided and unprovided in the accounts are:

	<b>2000</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>1999</b>	<b>2000</b>
		<b>£</b>	<b>1999</b>
			<b>£</b>
Capital allowances in excess of depreciation	<u>3,617</u>	<u>7,845</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**18. CALLED UP SHARE CAPITAL**

	2000	1999
	£	£
<b>Authorised :</b>		
2000: 8,800,000 ordinary shares of 25p	2,200,000	-
1999: 1,500,000 ordinary shares of £1	-	1,500,000
	<u>          </u>	<u>          </u>
<b>Allotted and fully paid :</b>		
2000: 6,500,000 ordinary shares of 25p	1,625,000	-
1999: 1,287,842 ordinary shares of £1	-	1,287,842
	<u>          </u>	<u>          </u>

On 14 June 1999, 212,158 ordinary shares of £1 each were issued at par to provide additional working capital for the Company.

On 13 March 2000, the Company split its existing ordinary shares of £1 each into four ordinary shares of 25p each (split ratio of 4:1). This increased the current issued share capital from 1.5 million shares to 6.0 million shares.

Fiske plc placed approximately 7% of its equity share capital on the Alternative Investment Market (AIM). The flotation took place on 29 March 2000. 500,000 ordinary shares of 25p each were placed at 135p per share. This increased the company's issued ordinary share capital up to £1,625,000, divided into 6,500,000 ordinary shares. The gross proceeds of the placing amounted to £675,000 and the net proceeds after expenses to £467,612. The net proceeds were used to supplement the company's working capital and to finance the investment of £74,677 made in CRESTCO Limited.

During the year options were issued over 190,000 unissued ordinary shares (1999 – nil) as follows:

	Number of ordinary 25p shares	Option price per share	Option exercise date
	75,000	28.75p	1.01.2003
	75,000	28.75p	1.01.2005
	40,000	37.75p	1.01.2003

These options were all outstanding at 31 May 2000.

**19. EQUITY SHAREHOLDERS' FUNDS**

The movement on equity shareholders' funds during the year was as follows:

	Share Capital	Share premium account	Profit and loss account	Total
	£	£	£	£
Balance at 1 June 1999	1,287,842	8	186,639	1,474,489
Retained profit for the year	-	-	715,183	715,183
Issue of share capital on 14 June 1999	212,158	-	-	212,158
Issue of share capital on 29 March 2000	125,000	550,000	-	675,000
Expense of share capital issue on 29 March 2000	-	(207,388)	-	(207,388)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 May 2000	1,625,000	342,620	901,822	2,869,442

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 2000**

**20. CONTINGENT LIABILITIES**

In the ordinary course of business, the Company has given letters of indemnity in respect of lost certified stock transfers and share certificates. While the contingent liability arising thereon is not quantifiable, it is not believed that any material liability will arise under these indemnities.

**21. FINANCIAL COMMITMENTS**

**Operating leases**

The company had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
<b>Operating leases which expire</b>				
In the second to fifth years	52,215	18,437	93,036	16,490

Operating leases for land and buildings relate to the lease on premises which is due to be renegotiated shortly. In the absence of any contractual agreement, commitments for the second to fifth years are nil.

**22. CLIENTS' MONEY**

At 31 May 2000 amounts held by the Company on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority amounted to £16,721,472 (1999 - £9,160,503). The Company has no beneficial interest in these amounts and accordingly they are not included in the balance sheet.

**23. FINANCIAL INSTRUMENTS**

The Company's financial instruments comprise, for the purpose of FRS 13, cash and liquid resources, trade debtors and trade creditors arising from operations, and fixed asset investments. The main risks arising from the Company's financial instruments are market risk and credit risk. The Board of Directors reviews and agrees policies for managing these risks

The Company is exposed to market risk only in respect of its trading as agent in equities and debt instruments. The Company only trades on a matched riskless principal basis and does not make markets in securities or in derivatives.

The other main financial risk in acting as agent is credit risk. This risk is monitored and controlled. The Company does not undertake margin trading for clients.