

PEMBROKE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

Year ended 31 MARCH 2000

Company Number: 2518721

HILTON SHARP & CLARKE
Chartered Accountants
30 New Road
Brighton
BN1 1BN



PEMBROKE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year was independent financial consultancy.

The results for the year are set out on page 4. The directors consider the company's financial position at the year end to be satisfactory.

DIVIDENDS AND APPROPRIATIONS

A dividend of £83,900 (1999: £21,480) on ordinary shares was paid during the year.

The directors do not recommend that a final dividend be paid, but that the retained loss be transferred to reserves.

YEAR 2000

It is recognised that there is a degree of risk and uncertainty associated with the year 2000. However, this has been assessed and steps have been taken to ensure that the company's financial and business systems are year 2000 compliant. The cost of taking these steps has not been significant. The directors can confirm that since 31 December 1999 to the date of approval of the financial statements there have been no problems to note concerning this matter.

DIRECTORS AND INTERESTS IN SHARES

The directors of the company who served during the year and number of shares in which they had an interest, as defined by the Companies Act 1985, were as follows:

	Ordinary shares of £1 each	
	31 March 2000	31 March 1999
K.A.P. Relf	25	25

AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint Messrs Hilton Sharp & Clarke as auditors.

On behalf of the Board



K.A.P. Relf
Director

Registered office:
30 New Road
Brighton
East Sussex
BN1 1BN

PEMBROKE FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES

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

1. select suitable accounting policies and then apply them consistently;
2. make judgments and estimates that are reasonable and prudent;
3. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF
PEMBROKE FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hilton Sharp & Clarke.

HILTON SHARP & CLARKE

Chartered Accountants
and Registered Auditor

3-11-2000.

PEMBROKE FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 MARCH 2000

	Note	2000 £	1999 £
TURNOVER	1	280,647	365,422
Administrative expenses		<u>(246,093)</u>	<u>(310,424)</u>
OPERATING PROFIT	2	34,554	54,998
Profit on disposal of Investments		<u>21,455</u>	<u>-</u>
		56,009	54,998
Interest receivable and similar income	5	1,440	1,799
Interest payable and similar charges	6	<u>(346)</u>	<u>(486)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		57,103	56,311
Taxation	7	<u>(12,713)</u>	<u>(12,999)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		44,390	43,312
DIVIDENDS	8	<u>(83,900)</u>	<u>(21,480)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(39,510)	21,832
Retained profit brought forward		<u>88,028</u>	<u>66,196</u>
RETAINED PROFIT CARRIED FORWARD		<u>£ 48,518</u>	<u>£ 88,028</u>

The notes on pages 6 to 12 form part of these financial statements.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the accumulated profit for the year stated above and their historical cost equivalents.

There were no discontinued operations during the year.

PEMBROKE FINANCIAL SERVICES LIMITED

BALANCE SHEET
At 31 MARCH 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	9		5,952		13,586
Investments	10		-		40,007
			<u>5,952</u>		<u>53,593</u>
CURRENT ASSETS					
Debtors	11	29,421		57,662	
Cash at bank		63,687		50,845	
			<u>93,108</u>	<u>108,507</u>	
CREDITORS: amounts falling due within one year	12	(50,442)		(73,613)	
			<u>42,666</u>	<u>34,894</u>	
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			48,618		88,487
CREDITORS: amounts falling due after more than one year	13		-		(359)
			<u>£ 48,618</u>	<u>£ 88,128</u>	
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Profit and loss account			48,518		88,028
EQUITY SHAREHOLDERS' FUNDS	16		<u>£ 48,618</u>		<u>£ 88,128</u>

The notes on pages 6 to 12 form part of these financial statements.

Approved by the board on: 3 November 2000


K.A.P. RELF
Director

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 MARCH 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover comprises fees and commissions on brokerage and is recognised on the date on which the related policy is written.

Depreciation of tangible fixed assets

Tangible fixed assets are being depreciated so as to write them off over their expected useful lives at the following annual rates:

Computer equipment	33 1/3 % straight line
Office fixtures	20% straight line
Leasehold improvements	over period of lease

Finance lease and hire purchase contracts

Where assets are financed by entering into finance lease or hire purchase contracts which give risks and rewards approximating to ownership they are treated as if they had been purchased outright on credit and are included in tangible fixed assets. The capital element of the agreements is shown as obligations under finance lease and hire purchase contracts. Leasing and hire purchase payments are treated as consisting of a capital element, which reduces the liability, and an interest element, which is charged against profit in proportion to the reducing capital element outstanding.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held in a separately administered fund. Contributions are charged to the profit and loss account as they fall due.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2000 £	1999 £
Depreciation of tangible assets - owned	6,551	7,766
- held under finance leases	1,083	1,083
Directors' emoluments (note 4)	53,297	48,468
Auditors' remuneration - audit fees	3,100	2,900
- non audit fees	1,236	1,212
Car and equipment rental	5,928	9,854
Operating lease rentals		
- land and buildings	7,500	7,000

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 MARCH 2000

3. STAFF COSTS

The average number of persons employed by the company during the year, excluding directors, was 5 (1999: 5).

Staff costs, including directors, amounted to:

	2000 £	1999 £
Wages and salaries	95,040	110,397
Social security costs	9,615	10,591
Pension costs	2,358	2,447
	<u>£ 107,013</u>	<u>£ 123,435</u>

4. DIRECTOR'S REMUNERATION

	2000 £	1999 £
For services as director	48,417	43,832
Social security costs	4,880	4,636
	<u>£ 53,297</u>	<u>£ 48,468</u>

5. INTEREST RECEIVABLE

	2000 £	1999 £
Bank interest	<u>£ 1,440</u>	<u>£ 1,799</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest and charges on bank overdraft	160	207
Interest on late paid ACT	56	-
On finance leases	130	279
	<u>£ 346</u>	<u>£ 486</u>

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 MARCH 2000

7. TAXATION

	2000 £	1999 £
UK Corporation Tax at 20% (1999: 21%)	12,713	13,233
Overprovided in previous years	-	(234)
	<u>£ 12,713</u>	<u>£ 12,999</u>

8. DIVIDENDS

	2000 £	1999 £
Ordinary dividends paid during the year	<u>£ 83,900</u>	<u>£ 21,480</u>

9. TANGIBLE ASSETS

	Leasehold Improvements £	Office Fixtures and Computer Equipment £	Total £
Cost			
At 1 April 1999 and 31 March 2000	<u>£ 7,724</u>	<u>£ 37,323</u>	<u>£ 45,047</u>
Depreciation			
At 1 April 1999	3,661	27,800	31,461
Charge for year	<u>1,545</u>	<u>6,089</u>	<u>7,634</u>
At 31 March 2000	<u>£ 5,206</u>	<u>£ 33,889</u>	<u>£ 39,095</u>
Net Book Value			
At 31 March 2000	<u>£ 2,518</u>	<u>£ 3,434</u>	<u>£ 5,952</u>
At 31 March 1999	<u>£ 4,063</u>	<u>£ 9,523</u>	<u>£ 13,586</u>

Included within Office fixtures and computer equipment are assets held under finance lease agreements with a net book value of £272 (1999: £1,355).

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 MARCH 2000

10. FIXED ASSET INVESTMENTS

	Listed investments £
Cost	
At 1999	40,007
Disposals	(40,007)
At 31 March 2000	<u>£ -</u>
At 31 March 1999	<u>£ 40,007</u>

Listed investments comprised investments listed on the London Stock Exchange, the market value of which at 31 March 1999 amounted to £47,644.

11. DEBTORS

	2000 £	1999 £
Trade debtors	26,075	54,490
Other debtors	100	100
Directors' loan account	3	-
Prepayments and accrued income	3,243	3,072
	<u>£ 29,421</u>	<u>£ 57,662</u>

12. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Obligations under finance lease contracts (note 14)	359	1,344
Amounts owed to parent undertaking	25,073	23,610
Other creditors	514	811
Corporation tax	12,713	7,863
Other taxation and social security	1,017	4,783
Directors' loan account	-	114
Accruals and deferred income	10,766	35,088
	<u>£ 50,442</u>	<u>£ 73,613</u>

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 MARCH 2000

13. CREDITORS: amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance lease contracts (note 14)	£ -	£ 359

14. FINANCE LEASE OBLIGATIONS

	2000 £	1999 £
Gross obligations:		
Due within one year	368	1,475
Due within one to two years	-	368
	<u>368</u>	<u>1,843</u>
Less: Interest allocated to future periods	(9)	(140)
	<u>£ 359</u>	<u>£ 1,703</u>
Analysed as:		
Due within one year (note 12)	359	1,344
Due after more than one year (note 13)	-	359
	<u>£ 359</u>	<u>£ 1,703</u>

15. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
1,000,000 ordinary shares of £1 each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 MARCH 2000

16. RECONCILIATION OF THE MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	44,390	43,312
Dividends	(83,900)	(21,480)
Net (withdrawal from)/addition to shareholders' funds	(39,510)	21,832
Opening shareholders' funds	88,128	66,296
Closing shareholders' funds	<u>£ 48,618</u>	<u>£ 88,128</u>

17. OTHER COMMITMENTS

At 31 March 2000 the company had the following commitments under operating leases expiring:

	Other leases		Land and buildings	
	2000	1999	2000	1999
	£	£	£	£
Between 2 and 5 years	<u>5,900</u>	<u>4,945</u>	<u>7,000</u>	<u>7,000</u>

18. TRANSACTIONS WITH DIRECTORS

During the year, in the normal course of business, the company paid introductory fees of £28,163 to Mrs C.J. Relf. These fees were of an on-going nature and charged on an arms length basis. Mrs C.J. Relf is the wife of K.A.P. Relf.

19. ULTIMATE PARENT COMPANY

The directors regard Lastcraft Limited, registered in England, as the company's ultimate parent company.

20. PENSION SCHEME

The company 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 company to the fund and amounted to £2,358 (1999 - £2,447).

PEMBROKE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 MARCH 2000

21. RELATED PARTY TRANSACTIONS

The company's ultimate parent company is Lastcraft Limited.

R.S. Snell is a director and shareholder of Lastcraft Limited and the controlling shareholder of Snell and Wilcox Limited. At 31 March 2000 an amount of £4,785 was owed to Snell and Wilcox Limited.