

ELECTRA SECURITIES LIMITED

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH SEPTEMBER 1999**

**REGISTERED NUMBER
1552598**



ELECTRA SECURITIES LIMITED

Board of Directors

Hugh Anthony Lewis Holland Mumford
Philip John Dyke
Robert John Lewis
Alfred Merton Vinton
Kalvin Bret Booth (Alternate Director for PJ Dyke)
Stephen Daryl Ozin (Alternate Director for RJ Lewis)

Secretary and Registered Office

Philip John Dyke
65 Kingsway,
London
WC2B 6QT

ELECTRA SECURITIES LIMITED

Report of the Directors

The Directors present their Report and the Financial Statements of the Company for the year ended 30th September 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity has remained that of an investment dealing company. The Company has traded profitably for the year under review and is expected to trade profitably in the future.

YEAR 2000

The Directors have assessed the impact and extent of the Year 2000 issue on its business and operations for the Company. The cost associated with addressing this issue, including the acquisition of a Year 2000 Compliant accounting system, has been borne by another Group company.

While the Directors believe that the Company will achieve an acceptable state of readiness, it is not possible, given the complexity of the problem, for any organisation to guarantee Year 2000 compliance. For the period since 31 December 1999 the Company has not incurred any adverse effects from this issue.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £618,118 (1998: £678,561). The Directors do not recommend the payment of a dividend, leaving the sum of £618,118 (1998: £678,561) to be transferred reserves.

DIRECTORS

Mr HALH Mumford, Mr PJ Dyke, Mr RJ Lewis and Mr AM Vinton were Directors of the Company throughout the year ended 30th September 1999. Mr KB Booth and Mr SD Ozin were Alternate Directors throughout the year ended 30th September 1999. No other person was a Director during any part of the year under review.

DIRECTORS' INTERESTS

The interests of the Directors and of their families, all of which are beneficial except where noted, in the share capital of the Company's holding company, Electra Investment Trust PLC ("EIT") are set out below. Other than as here disclosed, no Director had any notifiable interests in the securities of any further subsidiary of EIT or in the securities of the Company.

ELECTRA SECURITIES LIMITED

Report of the Directors (*Continued*)

DIRECTORS' INTERESTS (*Continued*)


Number of Ordinary
Shares in EIT

Director	30.9.99	1.10.98
HALH Mumford	43,261	43,261
KB Booth (alternate)	1,861	1,861
PJ Dyke	5,070	5,070
	500*	500*
RJ Lewis	2,841	2,841
SD Ozin (alternate)	386	386
AM Vinton	12,145	12,145

* Non-beneficial

ELECTIVE RESOLUTIONS

By a written resolution dated 8th December 1992, elective resolutions were approved whereby the Company is no longer required to hold Annual General Meetings, with the result that PricewaterhouseCoopers will continue as Auditors, and the Directors are no longer required to lay Financial Statements before the Company in general meeting.



By Order of the Board of Directors
PJ Dyke, Secretary
65 Kingsway, London WC2B 6QT

19 January 2000

ELECTRA SECURITIES LIMITED

Directors' Responsibilities for Preparing the Financial Statements

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 that year and of its profit or loss that year. In preparing those Financial Statements the Directors are required to:

- Select appropriate accounting policies and then apply them consistently on the basis of judgments and estimates that are reasonable and prudent;
- State whether appropriate Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

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

ELECTRA SECURITIES LIMITED

Report of the Auditors to the Members of Electra Securities Limited

We have audited the Financial Statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report, including as described on page 4 the Financial Statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

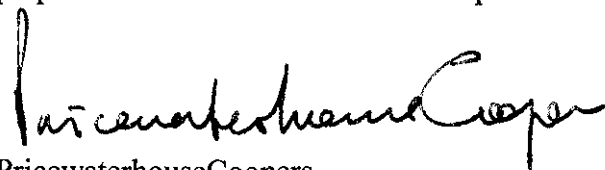
BASIS OF AUDIT OPINION

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 at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
19 January 2000

ELECTRA SECURITIES LIMITED

Profit and Loss Account

		Year ended 30th September 1999 £	Year ended 30th September 1998 £
	Note		
Net trading profit	2	641,159	1,019,961
Operating expenses	4	100,813	74,051
Operating Profit		540,346	945,910
Other income	3	77,514	46,474
Interest payable		206	2,560
Profit on Ordinary Activities before Taxation	6	617,654	989,824
Tax on Profit on Ordinary Activities		(464)	311,263
Profit on Ordinary Activities after Taxation		618,118	678,561
Retained Profits brought forward		2,180,361	1,501,800
Retained Profits carried forward		2,798,479	2,180,361

All results and comparatives shown in the profit and loss account above are from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account as shown above and therefore no separate There is no difference between the results shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results shown above and the results on an unmodified historical cost basis, therefore no separate note of historical cost profit or losses has been presented.

ELECTRA SECURITIES LIMITED

Balance Sheet

		30th September 1999 £	30th September 1998 £
	Note		
Current Assets			
Investments	7	2,150,011	2,826,344
Debtors	8	1,197,637	-
Cash at bank and in hand		428,539	385,828
		3,776,187	3,212,172
Creditors			
Amounts falling due within one year	9	877,708	931,811
Net Assets		2,898,479	2,280,361
Capital and Reserves			
Called-up share capital	10	100,000	100,000
Profit and loss account		2,798,479	2,180,361
Total Equity Shareholders' Funds	11	2,898,479	2,280,361

The Financial Statements on pages 6 to 10 were approved by the Board of Directors on 19 January 2000 and were signed on its behalf by:-



RJ Lewis *Director*

ELECTRA SECURITIES LIMITED

Notes to the Financial Statements

I. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The more significant accounting policies are listed below:

- (a) The Financial Statements have been prepared under the historical cost convention.
- (b) Investment income is recognised on an accruals basis. Interest receivable and payable and all other expenses are treated on the accruals basis.
- (c) Investments and options are individually stated at the lower of cost or the value at middle market prices in respect of listed investments, and at values determined by the Directors in respect of unlisted investments and options. Options are stated at values determined on an individual bargain basis using lowest prices for purchases and highest prices for sales. Unrealised losses at the year end are taken to the profit and loss account.
- (d) Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Profit and Loss Account.
- (e) The Company is a wholly owned subsidiary of an EU company which publishes consolidated Financial Statements that include a consolidated cash flow statement and therefore is not required to produce a cash flow statement.

	Year ended 30th September 1999 £	Year ended 30th September 1998 £
2. NET TRADING PROFIT		
Investment dealing		
Turnover	15,753,328	12,140,769
Cost of sales	(15,158,587)	(11,129,445)
Underwriting commission	46,418	8,637
	<u>641,159</u>	<u>1,019,961</u>
3. OTHER INCOME		
Income from current asset investments: Franked	64,659	30,196
Interest receivable	12,855	16,278
	<u>77,514</u>	<u>46,474</u>

ELECTRA SECURITIES LIMITED

Notes to the Financial Statements (Continued)

	Year ended 30th September 1999 £	Year ended 30th September 1998 £
4. EXPENSES		
Administration expenses	5,075	5,971
Management expenses	95,738	68,080
	<u>100,813</u>	<u>74,051</u>

The audit fee of £3,500 (1998: £3,000) was borne by another group company.

5. **DIRECTORS AND EMPLOYEES**

No remuneration was paid to the Directors (1998: £Nil). There are no employees of the Company (1998: None).

	Year ended 30th September 1999 £	Year ended 30th September 1998 £
6. TAXATION		
UK Corporation tax		
Current year	-	305,224
Prior year writeback	(8,114)	-
Tax credits on franked investment income	7,650	6,039
	<u>(464)</u>	<u>311,263</u>

On 6th April 1999 Advance Corporation Tax was abolished. The Company has made no provision for current corporation tax on the basis that any such charge will be fully eliminated by group Relief. The Corporation Tax rate for the year to 30th September 1998 was 31%.

	30th September 1999 £	30th September 1998 £
7. CURRENT ASSET INVESTMENTS		
Listed – Great Britain	2,150,011	2,826,344

The market value of current listed investments at 30th September 1999 is £2,200,922 (1998: £2,992,981).

ELECTRA SECURITIES LIMITED

Notes to the Financial Statements (Continued)

	30th September 1999 £	30th September 1998 £
8. DEBTORS		
Outstanding settlements	1,193,709	-
Franked Investment Income	3,000	-
Interest receivable	928	-
	<u>1,197,637</u>	<u>-</u>
	30th September 1999 £	30th September 1998 £
9. CREDITORS		
Amounts due to Parent Undertakings		
- Electra Investment Trust PLC	301,179	600,979
Amounts due to Group undertakings		
- Electra Investments Limited	305,224	-
- Electra Administration Ltd	169,295	17,556
Corporation tax payable	-	313,276
Other Creditors	102,010	-
	<u>877,708</u>	<u>931,811</u>
10. SHARE CAPITAL		
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, issued, called-up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	618,118	678,561
Opening shareholders' funds	2,280,361	1,601,800
Closing shareholders' funds	<u>2,898,479</u>	<u>2,280,361</u>
12. RELATED PARTY TRANSACTIONS		
<p>Advantage has been taken of the exemption available under Financial Reporting Standard 8 (Related Party Disclosures) not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the group.</p> <p>Electra Securities Ltd transfers monies to Electra Administration Ltd for the purpose of paying fund manager bonuses. The expense in the year amounted to £95,738 (1998: £68,080) with £169,295 (1998: £17,556) payable at year end.</p>		
13. ULTIMATE HOLDING COMPANY		
<p>The ultimate holding company is Electra Investment Trust PLC, a company incorporated in Great Britain and registered in England and Wales. Copies of the Financial Statements are available from the Secretary of the Company at 65 Kingsway, London W2B 6QT.</p>		