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PARRISH STOCKBROKERS

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 JANUARY 1989**

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PARRISH STOCKBROKERS

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the year ended 27 January 1989.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company has been stockbroking in an agency capacity.

On 21 March 1988, the business of Henry J. Garratt was transferred to the company.

SHARE CAPITAL

On 29 March 1988 1,500,000 ordinary shares of £1 were issued for a cash consideration of £1,500,000.

On 7 April 1988 500,000 ordinary shares of £1 were issued for a cash consideration of £500,000.

On 3 June 1988 150,000 ordinary shares of £1 were issued for a cash consideration of £150,000.

On 29 July 1988 250,000 ordinary shares of £1 were issued for a cash consideration of £250,000.

On 2 September 1988 200,000 ordinary shares of £1 were issued for a cash consideration of £200,000.

On 25 November 1988 750,000 ordinary shares of £1 were issued for a cash consideration of £750,000.

On 17 April 1989 150,000 ordinary shares of £1 were issued for a cash consideration of £150,000.

On 5 June 1989 250,000 ordinary shares of £1 were issued for a cash consideration of £250,000.

RESULTS AND DIVIDENDS

The loss after taxation for the year was £2,838,018 (1988 £1,269,566). The directors do not recommend the payment of a dividend and the deficit has been transferred to reserves.

PARRISH STOCKBROKERS

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The directors of the company who held office during the year are as follows:

J.R. Anderton	(appointed 14 June 1988)
R.J. Armstrong	
P.G. Bainbridge	
E. Bayer (Mrs)	
F.P.L. Bedwell	(resigned 19 February 1988)
G.D. Benjamin	(resigned 23 March 1989)
L.J.E. Bidwell	
C.C.T. Broughton-Pipkin	(resigned 5 February 1988)
G.L.W. Burlton	
S.R. Casement	(resigned 2 September 1988)
M.A. Cave (Mrs)	(appointed 16 May 1988)
D.J. Clark	
A.W. Dewar	(appointed 21 March 1988)
P.L. Durlacher	
G.H.J. Edwards	(appointed 5 June 1989)
R.N. Godden	(appointed 21 March 1988)
	(resigned 31 August 1988)
J.C. Heath	(appointed 5 June 1989)
K. Hughesdon	
P.G. Land	(appointed 4 March 1988)
	(resigned 10 February 1989)
G.A. Living	(appointed 21 March 1988)
D.A. Lock (Mrs)	
D.S. Maker	
P.J. O'Donnell	(appointed 1 February 1989)
P.J.P. Johnson	(appointed 5 June 1989)
J. Preston	(resigned 1 July 1988)
J.A. Redgrave	(resigned 31 March 1988)
B.V. Rowe	
C.S. Sammes (Mrs)	(appointed 24 January 1989)
M.A. Shafran	(appointed 4 March 1988)
	(resigned 10 February 1989)
K.R. Smith	
A.J.C. Sommerville	(appointed 4 March 1988)
G. Sorrell	(resigned 16 June 1989)
J.J. Start	
R.J. Swift	
M.H. Thompson	
H.F. Thornton	(resigned 29 July 1988)
N. Viney	(resigned 16 June 1989)
B.M. Ward	
C.L. Weinberg	(appointed 21 March 1988)

K. Hughesdon, J. Preston, K. Smith, D. Clark, P.G. Bainbridge, and A.J.C. Sommerville are directors of the ultimate holding company, Parrish PLC. Their interests in the share capital of the ultimate holding company, Parrish PLC, are disclosed in the group financial statements.

PARRISH STOCKBROKERS

REPORT OF THE DIRECTORS (continued)

The interests of the other directors in the share capital of Parrish PLC were:

	Ordinary shares of 5p	
	At 27 January 1989	At 5 February 1988
J.R. Anderton	3,500	3,500*
R.J. Armstrong	1,500	-
E. Bayer (Mrs)	-	-
L.J.E. Bidwell	5,000	6,000
G.L.W. Burlton	10,000	10,000
M.A. Cave (Mrs)	23,400	2,400*
A.W. Dower	-	-
P.J. Durlacher	-	-
G.H.J. Edwards	34,270*	-
J.C. Heath	-*	-
G.A. Irving	-	-
D.A. Lock (Mrs)	-	-
P.J.P. Johnson	-	-
D.S. Maker	5,500	-
P.J. O'Donnell	3,500*	-
B.V. Rowe	124,250	128,250
C.S. Sammes (Mrs)	-*	-
J.J. Start	10,000	15,000
R.J. Swift	50,000	50,000
M.H. Thompson	20,275	20,275
B.M. Ward	17,500	17,500
C.L. Weinberg	-	-

There have been no changes in the interest of the directors since 27th January 1989.

* at date of appointment.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Deloitte Hawkins & Sells as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD


J.G.G. Dwyer
Secretary

31st August 1989

REPORT OF THE AUDITORS TO THE MEMBERS OF
PARISI STOCKBROKERS

We have audited the financial statements on pages 5 to 12 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 27 January 1989 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Haskins & Bell

DELOITTE HASKINS & BELL
Chartered Accountants
London

31st August, 1989

PARRISH STOCKBROKERS

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting.

2. FINANCIAL YEAR END

The financial year end of the company is the last day of dealing of the Stock Exchange account ending on or nearest to 31st January.

3. TURNOVER

Turnover comprises gross commissions and other fees charged to clients.

4. OVERSEAS CURRENCIES

- (a) Balances to be settled in overseas currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Where a matched forward currency contract has been entered into the balance is included at the gross sterling amount due to pass on settlement of the relevant forward currency agreement.
- (b) Balances in overseas currencies on freely remittable bank accounts are translated at the rates of exchange ruling at the balance sheet date.
- (c) Commission, brokerage and other income and expenses received and paid in overseas currencies are recognised in the profit and loss account at the rate of exchange ruling on the date of conversion into or from sterling.

5. DEPRECIATION

Depreciation of fixed assets is calculated to write off their cost or valuation by equal annual instalments at the following rates:

Improvements to premises	15%
Office machinery and equipment	25%

6. DEFERRED TAXATION

Provision is made for the liability to corporation tax which may arise in the foreseeable future from the allocation of items of income and expenditure to different periods for taxation and accounting purposes.

PARRISH STOCKBROKERS

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 27 JANUARY 1989**

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER		7,231,448	6,603,740
Other operating income		30,443	69,609
		<u>7,261,891</u>	<u>6,673,349</u>
Staff costs	3	2,321,071	1,741,115
Depreciation and other amounts written off tangible and fixed assets		12,954	7,007
Exceptional items	2	1,151,880	1,100,000
Other operating charges		6,484,911	4,078,701
		<u>9,970,816</u>	<u>7,726,823</u>
OPERATING LOSS	1	(2,708,925)	(1,053,474)
Other interest receivable and similar income		92,771	15,076
Interest payable	4	(221,064)	(310,661)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(2,838,018)</u>	<u>(1,349,059)</u>
TAXATION RECOVERABLE	6	-	79,493
LOSS FOR THE YEAR	12	<u>(2,838,018)</u>	<u>£(1,269,566)</u>
		*****	***** 1

PARRISH STOCKBROKERS

BALANCE SHEET
27 JANUARY 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
FIXED ASSETS			
Tangible assets	7	-	<u>12,954</u>
CURRENT ASSETS			
Debtors	8	50,444,921	40,878,344
Cash at bank and in hand		<u>2,063,597</u>	<u>951,317</u>
		<u>52,508,518</u>	<u>41,829,661</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts		860,275	1,134,766
Creditors	9	<u>50,504,021</u>	<u>38,984,009</u>
		<u>51,372,296</u>	<u>40,118,775</u>
NET CURRENT ASSETS		<u>1,135,822</u>	<u>1,710,886</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,135,822</u>	<u>1,723,840</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	750,000	1,850,000
		<u>£385,822</u>	<u>£ (126,160)</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	11	4,350,000	1,000,000
PROFIT AND LOSS ACCOUNT	12	<u>(3,964,178)</u>	<u>(1,126,160)</u>
		<u>385,822</u>	<u>£ (126,160)</u>

The financial statements were signed on behalf of the board of directors on 31st August, 1989 and signed on their behalf by:

P.G. Bainbridge)

A.J.C. Sommerville)

Directors

PARRISH STOCKBROKERS

**SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 27 JANUARY 1989**

	<u>1988</u> <u>£</u>	<u>1988</u> <u>£</u>
SOURCE OF FUNDS		
Loss before taxation	(2,038,018)	(1,349,059)
Items not involving the movement of funds:		
Depreciation of tangible fixed assets	12,954	7,007
FUNDS ABSORBED BY OPERATIONS	<u>(2,025,064)</u>	<u>(1,342,052)</u>
FUNDS FROM OTHER SOURCES		
Disposal of fixed assets	-	13,000
Shares issued	3,350,000	749,800
Subordinated loans introduced	-	1,350,000
TOTAL SOURCE OF FUNDS	<u>524,936</u>	<u>770,756</u>
APPLICATION OF FUNDS		
Taxation Paid	79,493	-
Repayment of subordinated loans	850,000	-
(DECREASE)/INCREASE IN WORKING CAPITAL	<u>(404,557)</u>	<u>£ 770,756</u>
Representing:		
Increase in debtors	9,566,177	1,634,639
Increase/(decrease) in bank balance	1,112,280	(1,781,250)
Decrease/(increase) in bank loans and overdrafts	266,491	(575,202)
(Increase)/decrease in creditors	(11,349,505)	1,492,569
	<u>£ (404,557)</u>	<u>£ 770,756</u>

PARRISH STOCKBROKERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 JANUARY 1989

1. OPERATING LOSS

	<u>1989</u> £	<u>1988</u> £
Operating loss is arrived at after charging:		
Auditors' remuneration	38,000	28,000
Hire of plant and machinery	-	5,184
Rentals under operating leases	40,233	149,231
	=====	=====

2. EXCEPTIONAL ITEMS

	£	£
Revenue related acquisition costs written off	751,880	-
Provision for doubtful debts	400,000	1,100,000
	<u>1,151,880</u>	<u>1,100,000</u>
	=====	=====

3. EMPLOYEES

The average number of persons employed by
the company during the year was 107
(1988 : 74)

The costs incurred in respect of these
employees were:

	£	£
Wages and salaries (including profit and commission sharing entitlement)	2,019,403	1,539,271
Social security costs	257,157	172,586
Pension contributions	44,511	29,258
	<u>£2,321,071</u>	<u>£1,741,115</u>
	=====	=====

4. INTEREST PAYABLE

On loans and bank overdrafts repayable within 5 years	43,808	222,214
Other	6,121	4,736
Subordinated loans	171,935	83,711
	<u>£221,864</u>	<u>£310,661</u>
	=====	=====

PARRISH STOCKBROKERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 JANUARY 1989 (continued)

5. DIRECTORS

	<u>1989</u> £	<u>1988</u> £
Emoluments of directors included in staff costs were as follows:		
Poon	-	-
Other emoluments	1,774,657	447,546
Compensation for loss of office	18,000	-
	<u>£1,792,657</u>	<u>£447,546</u>

The emoluments, excluding pension
contributions, of directors were as follows:

Highest paid director	257,598	59,861
	Number of directors	Number of directors
Other directors		
£0 - £5,000	2	15
£ 5,001 - £10,000	-	3
£10,001 - £15,000	1	2
£15,001 - £20,000	1	1
£20,001 - £25,000	1	-
£25,001 - £30,000	1	2
£35,001 - £40,000	2	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	2
£50,001 - £55,000	6	-
£55,001 - £60,000	3	3
£60,001 - £65,000	1	-
£65,001 - £70,000	2	-
£70,001 - £75,000	1	-
£75,001 - £80,000	1	-
£130,001 - £135,000	1	-
£185,001 - £190,000	2	-
£255,001 - £260,000	1	-

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation is based on the profits/(losses)
for the period and comprises:

	£	£
Corporation tax at 35% (1988 - 35%)	-	79,493

The company has taxable losses amounting to £3,305,000 available to be
carried forward.

PARRISH STOCKBROKERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 JANUARY 1989 (continued)

7. TANGIBLE FIXED ASSETS

	Office machinery, furniture and fittings £
COST	
At 27 January 1989 and 6 February 1988	22,993
DEPRECIATION	
At 6 February 1988	10,039
Charge for the period	12,954
At 27 January 1989	22,993
NET BOOK VALUE	
At 27 January 1989	£ -
At 6 February 1988	£12,954

8. DEBTORS

	1989 £	1988 £
Due within one year:		
Amount due from group company	23,218	13,000
Corporation tax	79,493	79,493
Trade debtors	50,199,884	40,598,530
Other debtors	40,195	4,623
Prepayments	101,731	182,698
	50,444,521	£40,878,344

9. CREDITORS

Amount owed to group companies	198,354	302,391
Short term subordinated loan	250,000	-
Trade creditors	49,528,182	38,042,465
Corporation Tax	-	79,493
Other taxation and Social Security	278,555	136,519
Other creditors	96,007	42,619
Accruals	152,923	380,522
	£50,504,021	£38,984,709

10. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1989 £	1988 £
Subordinated loans from holding company - repayable in 1990 and bearing interest at 2% above LIBOR	750,000	1,850,000

PARRISH STOCKBROKERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 JANUARY 1989 (continued)

11.	SHARE CAPITAL	<u>1989</u>	<u>1988</u>
		£	£
	Authorised		
	5,000,000 (1988 1,000,000) Ordinary		
	Shares of £1 each	£5,000,000	£1,000,000
	Alotted, called up and fully paid		
	4,350,000 (1988 1,000,000) Ordinary		
	Shares of £1 each	£4,350,000	£1,000,000
12.	PROFIT AND LOSS ACCOUNT		
			£
	At 6 February 1988		(1,126,160)
	Loss for the year		(2,838,018)
			<hr/>
	At 27 January 1989		(3,964,178)

13. CONTINGENT LIABILITIES
- In the ordinary course of business the company has given letters indemnity in respect of lost certified stock transfers and share certification. The contingent liability arising therefrom cannot be quantified.

14. FINANCIAL COMMITMENTS
- The company has financial commitments under non-cancellable operating leases as set out below:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
(a) Operating leases expiring:				
Within one year	-	-	-	666
In two to five years	-	-	-	2,868
After five years	8,500	83,100	-	-
	<hr/> £8,500	<hr/> £83,100	<hr/> -	<hr/> £3,534

15. ULTIMATE HOLDING COMPANY
- The ultimate holding company is Parrish PLC which is incorporated in Great Britain.