

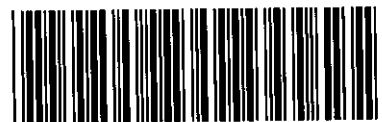
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BEST Securities Limited

Report and Financial Statements

30 September 2006

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COMPANIES HOUSE

BEST Securities Limited

Registered No: 2108176

Directors

I S Robertson

Secretary

Phoenix Administration Services Limited
2nd Floor, Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

J P Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

Herbert Smith
Exchange Square
Primrose Street
London
EC2A 2HS

Registered Office

Bennet House
54 St James's Street
London
SW1A 1JT

Directors' report

The directors present their report and financial statements for the year ended 30 September 2006.

Principal activity and review of the business

The Company acts and will continue to act as a dealer and underwriter in securities.

Results

The loss for the year, after taxation, amounted to £2,467 (2005: loss of £1,123).

Dividends

No interim dividend was paid during the year (2005: £nil). The Director does not recommend the payment of a final dividend (2005: £nil).

Directors and their interests

The sole director, Mr. I S Robertson, held no shares in the Company during the year under review.

The entire share capital of the Company is beneficially owned by British Empire Securities and General Trust plc.

Mr. I S Robertson was the sole director at 30 September 2006 and his interests in the share capital of the Company's parent, British Empire Securities and General Trust plc were as follows:

	<i>At 30 September 2006</i>	<i>At 30 September 2005</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
I S Robertson	25,000	25,000

Mr. I S Robertson does not have a contract of service with the Company, and there were no contracts or arrangements at any time during the year to 30 September 2006, or since, in which a director of the Company was materially interested, either directly or indirectly.

The policy of the Company's parent, British Empire Securities and General Trust plc, is to comply with the Principles of Good Corporate Governance and the Combined Code of Best Practice, as required by the Listing Rules of the Financial Services Authority, to the extent appropriate to an investment trust company.

Management and Custody Agreements

The Company's investments are managed by Asset Value Investors Limited under an investment management agreement with the Company's parent, British Empire Securities and General Trust plc.

JPMorgan Chase provides custodian services to the Company pursuant to a custody agreement with British Empire Securities and General Trust plc.

Phoenix Administration Services Limited, acts as Company Secretary and Administrator for both the Company and British Empire Securities and General Trust plc.

Directors' report

Elective Resolutions

In accordance with Section 252 and 366A of the Companies Act 1985, resolutions to dispense with the obligations to lay Accounts before members in general meetings and to hold Annual General Meetings were passed on 21 February 1992.

Accordingly the circulation of these financial statements to Shareholders will be deemed to comply with the Company's obligation under Section 235 of the Companies Act 1985 to send copies of the Annual financial statements to members of the Company.

Auditors

In accordance with Section 386 of the Companies Act 1985 a resolution to dispense with the obligation to appoint auditors annually was passed on 20 January 1994. Accordingly, Ernst & Young LLP shall be deemed to have been re-appointed as auditors from 1 October 2006.

The directors are responsible for ensuring that there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to take as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Phoenix Administration Services Limited

Secretary

31 January 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are required 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:

- 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Independent auditors' report

to the members of BEST Securities Limited

We have audited the Company's financial statements for the year ended 30 September 2006 which comprise the Income Statement, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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.


Independent auditors' report

to the members of BEST Securities Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
23 March 2007

Income Statement

for the year ended 30 September 2006

	Notes	2006 £	2005 £
Administration expenses		(1,408)	(1,675)
Unrealised (losses)/gains on investments		(1,192)	146
Operating loss	3	<u>(2,600)</u>	<u>(1,529)</u>
Bank interest receivable		133	406
Loss on ordinary activities before taxation		<u>(2,467)</u>	<u>(1,123)</u>
Tax on loss on ordinary activities	4	—	—
Loss on ordinary activities after taxation for the year	9	<u><u>(2,467)</u></u>	<u><u>(1,123)</u></u>

There are no recognised gains or losses other than the loss attributable to the shareholders of the Company of £2,467 in the year ended 30 September 2006 and the loss of £1,123 in the year ended 30 September 2005.

The notes on pages 9 to 12 form an integral part of the financial statements.

Balance sheet

at 30 September 2006

	Notes	2006 £	2005 £
Current assets			
Investments at fair value through profit or loss	5	5,590	5,169
Debtors	6	2,024,537	2,026,047
Cash at bank		2,483	5,861
		<u>2,032,610</u>	<u>2,037,077</u>
Creditors: amounts falling due within one year	7	(1,500)	(3,500)
		<u>2,031,110</u>	<u>2,033,577</u>
Capital and reserves			
Called up share capital	8	250,000	250,000
Profit and loss account	9	1,781,110	1,783,577
		<u>2,031,110</u>	<u>2,033,577</u>
Shareholders' funds - equity	9	<u>2,031,110</u>	<u>2,033,577</u>

The notes on pages 9 to 12 form an integral part of the financial statements.

Signed on behalf of the Board of Directors



I S Robertson

Director

31 January 2007

Notes to the financial statements

at 30 September 2006

1. Accounting policies

Basis of accounting

The Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). The new Financial Reporting Standards (FRS), issued as part of the programme to converge UK GAAP with International Financial Reporting Standards, have been applied with effect from 1 October 2005. However, the Company has taken advantage of the exemption under FRS 26 'Financial Instruments: Measurement' not to restate its comparative figures for the year ended 30 September 2005.

Investments

Investments are shown at their fair value at the balance sheet date with any write-down being charged to the Income Statement. Profits or losses arising on the disposal of investments are taken to the Income Statement. Fair value for quoted investments represents the bid-market value as at the close of business on the balance sheet date. Fair value for unquoted investments or where the market value is not readily available is based on the Director's assessment of the value of the investment. Overseas investments are translated into sterling at the exchange rate ruling at the year end.

Income and interest receivable

Franked investment income is recognised in the income statement when declared ex-dividend together with the related tax credit. Other income from investments is taken into account in the same way except in the case of overseas dividends which are dealt with on a received basis.

All interest receivable is accounted for on an accruals basis.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

2. Directors' remuneration

None of the Directors of the Company received any emoluments from the Company during the year (2005 - £nil). The Company did not have any employees during the year.

3. Operating loss

This is stated after charging:

	2006	2005
	£	£
Auditor's remuneration	1,000	1,675
Other expenses	408	—
	<u>1,408</u>	<u>1,675</u>

Notes to the financial statements

at 30 September 2006

4. Tax on loss on ordinary activities

Factors affecting current charge for year

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are reconciled below:

	2006 £000	2005 £000
Loss on ordinary activities before taxation	(2,467)	(1,123)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	(740)	(337)
Effects of: Excess expenses of current year	740	337
Current tax charge for the year	—	—

There is no material unprovided deferred tax.

5. Investments

	2006 £	2005 £
Opening book cost	41,717	
Opening unrealised depreciation	(36,548)	
Opening fair value	5,169	
Movements in the year:		
Purchases at cost	1,613	
Increase in unrealised depreciation	(1,192)	
Closing fair value	5,590	
Closing book cost	43,331	
Closing unrealised depreciation	(37,741)	
Closing fair value	5,590	
	2006 £	2005 £
Listed in the UK at market value	3,333	3,634
Listed elsewhere at market value	2,257	1,535
	5,590	5,169

Notes to the financial statements

at 30 September 2006

6. Debtors

	2006 £	2005 £
Amounts due from parent company	2,024,529	2,026,029
Other	8	18
	<u>2,024,537</u>	<u>2,026,047</u>

7. Creditors: amounts falling due within one year

	2006 £	2005 £
Other creditors	1,500	3,500
	<u>1,500</u>	<u>3,500</u>

8. Called up share capital

	2006 £	2005 £
Authorised:		
Ordinary shares of £1 each	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
Allotted and fully paid:		
Ordinary shares of £1 each	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

9. Reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 October 2005	250,000	1,783,577	2,033,577
Loss for the year	—	(2,467)	(2,467)
At 30 September 2006	<u>250,000</u>	<u>1,781,110</u>	<u>2,031,110</u>

10. Parent undertaking and controlling party

The Company's parent undertaking and controlling party is British Empire Securities and General Trust plc, a company registered in England and Wales. Copies of the group financial statements of the parent company can be obtained from the office of the Secretary at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW.

Notes to the financial statements

at 30 September 2006

11. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' relating to transactions between 90 per cent or more controlled subsidiaries, by not disclosing information on related party transactions.

12. Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) 'Cash Flow Statements' relating to transactions between 90 per cent or more controlled subsidiaries and the Company has not prepared a cash flow statement.