

BEST SECURITIES LIMITED

**REPORTS AND ACCOUNTS FOR THE YEAR ENDED
30 SEPTEMBER 1998**

2108176



BEST Securities Limited

(Registered in England and Wales
Number 2108176)

Directors:

W G Fossick (Chairman)
C M Gilchrist
Sir Charles Fraser
Sir David Kinloch
I S Robertson
I G Tweeddale
J C Walton

Secretary:

Friends Ivory & Sime plc

Registered Office:

Second Floor, Princes Court
7 Princes Street
London
EC2R 8AQ

Solicitors:

Watson, Farley & Williams
15 Appold Street
London
EC2A 2HB

Bankers:

Chase Manhattan Bank
1 Chaseside
Bournemouth
BH7 7DB

Auditors:

Ernst & Young
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

2108176

BEST Securities Limited

Report of the Directors for the Year Ended 30 September 1998

1. The Directors present herewith their Report and the audited financial statements for the year ended 30 September 1998.

2. **Principal activity and review of the business.**

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

3. **Results**

The results for the year are set out in the Profit and Loss Account on page 7.

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 Accounts 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 Accounts to members of the Company.

4. **Dividends**

No interim dividend was paid during the year (1997: £Nil). The Directors do not recommend the payment of a final dividend (1997: £Nil).

5. **Directors and Directors' interests**

The Directors of the Company during the year were as follows:

W G Fossick (Chairman)
C M Gilchrist
Sir Charles Fraser
Sir David Kinloch
I S Robertson
I G Tweeddale
J C Walton

None of the Directors at any time held a beneficial interest in the shares of the Company. The interests of Directors in the shares of the Holding Company are disclosed in that Company's Report and Accounts.

Mr W G Fossick is a consultant to Watson, Farley & Williams who act as the Company's solicitors. Save as aforesaid, no Director was a party to or had an interest in any contract or arrangement with the Company at any time during the period.


BEST Securities Limited

Report of the Directors for the Year Ended 30 September 1998 (continued)

6. 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 shall be deemed to have been re-appointed as Auditors from 1 October 1998.

By order of the Board


For and on behalf of
Friends Ivory & Sime plc
Company Secretary

Second Floor, Princes Court
7 Princes Street, London EC2R 8AQ

25 February 1999

BEST Securities Limited

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 and loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- use suitable accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates;
- state whether the Financial Statements have been prepared in accordance with applicable accounting standards and disclose particulars of any material departure from those standards and the reasons for it; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that the Financial Statements comply with the above requirements.

The Company is required to keep accounting records which are sufficient to disclose with reasonable accuracy, at any time, the financial position of the Company and which enable the Directors to ensure that the Financial Statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

BEST Securities Limited

Report of the Auditors to the Members of BEST Securities Limited

We have audited the Financial Statements on pages 7 to 12 which have been prepared under the historical cost convention as modified by the revaluation of investments on the basis of the accounting policies set out on page 9.

Respective responsibilities of Directors and Auditors

As described on page 5, the Company's Directors are responsible for the preparation of the Financial Statements. It is our responsibility to form an independent opinion, based on our audit, of those Financial Statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice 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 mis-statement, 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 affairs of the Company at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor

7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

25 February 1999

BEST Securities Limited

Profit and Loss Account for the Year Ended 30 September 1998

	Note	1998 £	1997 £
TURNOVER	2	774,863	1,116,307
Cost of sales		(530,909)	(1,008,560)
GROSS PROFIT		<u>243,954</u>	<u>107,747</u>
Administration expenses		(250)	(5,175)
Other operating losses	4	(15,457)	(3,461)
Provision against investments		(17,527)	(113,132)
OPERATING PROFIT/(LOSS)		<u>210,720</u>	<u>(14,021)</u>
Interest receivable	5	60,129	36,612
Interest payable and similar charges	6	-	(21,929)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>270,849</u>	<u>662</u>
Tax on profit on ordinary activities	8	(12,324)	(970)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	14	<u>258,525</u>	<u>(308)</u>
Retained profit brought forward		214,466	214,774
Retained profit carried forward		<u>472,991</u> =====	<u>214,466</u> =====

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the gain attributable to the Shareholders of the Company of £258,525 in the year ended 30 September 1998 and of the loss of £308 in the year ended 30 September 1997.

BEST Securities Limited

Balance Sheet as at 30 September 1998

	Note	1998 £	1997 £
CURRENT ASSETS			
Investments	9	24,190	157,645
Debtors	10	2,834	8,529
Tax recoverable	11	1,841	9,164
Cash at bank		1,042,458	922,560
		<u>1,071,323</u>	<u>1,097,898</u>
CREDITORS: amounts falling due within one year	12	<u>(348,332)</u>	<u>(633,432)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>722,991</u> =====	<u>464,466</u> =====

Represented by:

CAPITAL AND RESERVES

Called-up share capital	13	250,000	250,000
Profit and loss account		472,991	214,466
Equity Shareholders' Funds	14	<u>722,991</u> =====	<u>464,466</u> =====

Signed on behalf of the Board of Directors

W G Fossick

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Directors

J C Walton

25 February 1999

William Fossick
J C Walton

BEST Securities Limited

Notes to the Financial Statements for the Year Ended 30 September 1998

1. Accounting policies

The Financial Statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted are described below.

- a) The Financial Statements are prepared under the historical cost convention.
- b) Investments are included in the Balance Sheet at the lower of cost and net realisable value, any write-down being charged to the Profit and Loss Account. Profits or losses arising on the disposal of investments are taken to Profit and Loss Account.
- c) Franked investment income is recognised in the Profit and Loss Account when declared ex-dividend together with the related tax credit or avoird fiscal as appropriate. 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.
- d) Deferred tax is provided at the anticipated tax rates on 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 the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

2. Turnover

Turnover represents the sale price of investments sold less brokers' commissions and stamp duty.

3. Directors' emoluments

None of the Directors of the Company received any emoluments from the Company during the year (1997: £nil). The Company did not have any employees during the year.

	1998 £	1997 £
4. Other operating losses		
Franked investment income (including tax credits)	125	4,850
Unfranked investment income	1,589	5,033
Sundry income	16	-
Exchange differences	(17,187)	(13,344)
	<u>(15,457)</u>	<u>(3,461)</u>
	=====	=====

5. Interest receivable

Money market operations	60,129	36,612
	=====	=====

BEST Securities Limited

Notes to the Financial Statements (continued)

	1998 £	1997 £
6. Interest payable and similar charges		
Inter-Group	- =====	21,929 =====
7. Profit on ordinary activities Before taxation		
Profit on ordinary activities before taxation is after charging: Auditor's remuneration	1,750 =====	2,689 =====
8. Tax on profit on ordinary activities		
Tax credits (20%)	25	970
Overseas tax (15%)	238	-
Corporation tax (31%)	14,200	-
Prior year adjustment	(2,139) -----	- -----
	12,324 =====	970 =====
9. Investments		
Investments at cost	41,717	270,778
Less: amounts provided	(17,527) -----	(113,133) -----
	24,190 =====	157,645 =====
Listed in the UK	19,333	93,627
Listed elsewhere	4,857 -----	64,018 -----
	24,190 =====	157,645 =====
Investments at market value	24,525 =====	315,448 =====

BEST Securities Limited

Notes to the Financial Statements (continued)

	1998 £	1997 £
10. Debtors		
Sundry debtors	143	376
Sales for future settlement	-	5,232
Accrued interest receivable	2,691	2,921
	<u>2,834</u>	<u>8,529</u>
	=====	=====
11. Tax recoverable		
Tax on unfranked income	939	1,122
Income tax on overseas income	902	2,261
Tax credits on franked income	-	5,781
	<u>1,841</u>	<u>9,164</u>
	=====	=====
12. Creditors: amounts falling due within one year		
Purchases for future settlement	-	955
Other creditors	2,477	2,477
Taxation payable	6,580	-
Amounts owed to parent company	339,275	630,000
	<u>348,332</u>	<u>633,432</u>
	=====	=====
13. Called up share capital		
Authorised:		
Ordinary Shares of £1 each	250,000	250,000
	=====	=====
Allotted and fully paid:		
Ordinary Shares of £1 each	250,000	250,000
	=====	=====
14. Reconciliation of movements in Shareholders' funds		
Profit/(Loss) attributable to shareholders	258,525	(308)
Shareholders' funds at 1 October 1997	464,466	464,774
	<u>722,991</u>	<u>464,466</u>
Shareholders' funds at 30 September 1998	=====	=====

BEST Securities Limited

Notes to the Financial Statements (continued)

15. Ultimate parent company

The Company is a wholly owned subsidiary of British Empire Securities and General Trust p.l.c., a company registered in England and Wales. Copies of the group financial statements of the parent Company can be obtained from Friends Ivory & Sime plc, Second Floor, Princes Court, 7 Princes Street, London EC2R 8AQ.