

Company Number: 2400738

**IAF SECURITIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2005**



**IAF SECURITIES LIMITED**

DIRECTOR: D. L. Massie

SECRETARY: E. Barber

REGISTERED OFFICE: 7 Apple Tree Yard  
Duke of York Street  
London  
SW1Y 6LD

BANKERS: National Westminster Bank Plc  
1 Princes Street  
London  
EC2R 8PA

**IAF SECURITIES LIMITED**  
**REPORT OF THE DIRECTOR**

The director presents his report and audited financial statements for the year ended 30th June 2005.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activity during the year continued to be those of an investment dealing and foreign exchange / treasury dealing company. The director is satisfied with the performance of the company. It is expected the company will expand its activities in the coming financial year.

**RESULTS AND DIVIDENDS**

The results of the company for the year are set out in detail on page 5. The director does not recommend the payment of a dividend.

**DIRECTORS**

The director who served during the year and his interest in the share capital of the company were as follows:-

	£1 Ordinary Shares	
	2005	2004
D. L. Massie	-	-

The director's interest in the shares of the ultimate parent undertaking, IAF Group plc, are disclosed in the financial statements of that company.

**DIRECTOR'S RESPONSIBILITIES**

Company law requires the director to prepare accounts 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 for that period. In preparing those accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.


**IAF SECURITIES LIMITED**

**REPORT OF THE DIRECTOR - CONTINUED**

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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**

In accordance with Section 354 of the Companies Act 1985 a resolution to reappoint Chantrey Vellacott DFK LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.



E. Barber  
Secretary

Date: 26 JULY 2005

## **IAF SECURITIES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the financial statements of IAF Securities Limited for the year ended 30th June 2005 which comprise the profit and loss account, balance sheet and related notes.

These financial statements have been prepared under this historical cost convention and 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**

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. We also report to you if, in our opinion, the Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistency. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 judgements made by the director 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.

IAF SECURITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

CONTINUED

**Basis of audit opinion continued**

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 30th June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chantrey Vellacott DFK

Chantrey Vellacott DFK LLP  
Chartered Accountants and Registered Auditors  
London

Date: 26 JULY 2005

**IAF SECURITIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>	2	(1,182)	5,186
<b>ADMINISTRATIVE EXPENSES</b>			
- Administrative expenses		(15,000)	(20,000)
- Revaluation of listed investments		(19,875)	(34,820)
- Release of provision against amount due from fellow subsidiary		-	14,118
<b>OPERATING LOSS</b>	3	<u>(36,057)</u>	<u>(35,516)</u>
Interest receivable and similar income		62,646	61,315
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>26,589</u>	<u>25,799</u>
Tax on profit on ordinary activities	4	-	-
<b>RETAINED PROFIT FOR THE YEAR</b>	9	<u><u>26,589</u></u>	<u><u>25,799</u></u>

**Continuing operations**

None of the company's activities was acquired or discontinued during the above two financial years.

**Statement of total recognised gains**

The company had no recognised gains or losses other than the profit for the above two financial years.

**IAF SECURITIES LIMITED**

**BALANCE SHEET AS AT 30TH JUNE 2005**

	Notes	£	2005 £	£	2004 £
<b>CURRENT ASSETS</b>					
Debtors	5	1,342,794		1,243,802	
Investments	6	361,077		380,952	
Cash at bank and in hand		49		52,577	
			<u>1,703,920</u>	<u>1,677,331</u>	
<b>CREDITORS: amounts</b>					
falling due within one year	7	-		-	
<b>NET CURRENT ASSETS</b>			1,703,920		1,677,331
<b>NET ASSETS</b>			<u>1,703,920</u>		<u>1,677,331</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		1,000		1,000
Profit and loss account	9		1,702,920		1,676,331
Shareholders' funds:					
Equity	10		<u>1,703,920</u>		<u>1,677,331</u>

Approved by the board on 26 JULY 2005



D. L. Massie  
Director



**IAF SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2005**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared in accordance with the historical cost convention as modified by the carrying of listed investments at market value, and in compliance with applicable UK Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

**Investments**

Listed investments are stated at mid-market value at the balance sheet date. Other investments are stated at the lower of cost or net realisable value.

**Taxation**

The charge for the year is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is provided in full under the liability method. Deferred taxation assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling at that date. These translation differences are dealt with in the profit and loss account.

**2. TURNOVER**

Turnover represents profit or loss on dealings and investment income.

**3. OPERATING LOSS**

Auditors' remuneration was borne by the parent undertaking in the current and previous period.

No director received emoluments from the company in the year (2004 - £Nil). The costs of directors who are also directors of other group undertakings are borne by those undertakings.

**IAF SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**FOR THE YEAR ENDED 30TH JUNE 2005**

**4. TAXATION**

	2005 £	2004 £
UK corporation tax	-	-
	=====	=====

Factors affecting tax charge for the period.

The tax charge for the period is at variance to the standard rate of corporation tax (30%).

The differences are explained below.

	2005 £	2004 £
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2004 - 30%)	7,977	7,739
Permanent disallowables	-	(4,235)
Group relief to be surrendered to the company	(7,977)	(3,504)
	-----	-----
	-	-
	=====	=====

**5. DEBTORS**

	2005 £	2004 £
Amounts due from parent undertaking	1,342,794	1,243,802
	=====	=====

**6. INVESTMENTS**

	2005 £	2004 £
Listed investments	361,077	380,952
	=====	=====

The historic cost of listed investments was £220,000 (2004 - £220,000)

**IAF SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**FOR THE YEAR ENDED 30TH JUNE 2005**

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Other creditors	-	-
	<u>-</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>

**8. SHARE CAPITAL**

	2005 No.	2004 No.	2005 £	2004 £
Authorised:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
	2005 No .	2004 No .	2005 £	2004 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**9. PROFIT AND LOSS ACCOUNT**

	2005 £	2004 £
At 1st July 2004	1,676,331	1,650,532
Retained profit	26,589	25,799
	<u>1,702,920</u>	<u>1,676,331</u>
At 30th June 2005	<u>=====</u>	<u>=====</u>

**IAF SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**FOR THE YEAR ENDED 30TH JUNE 2005**

**10. RECONCILIATION OF MOVEMENT IN  
SHAREHOLDERS' FUNDS**

	2005 £	2004 £
At 1st July 2004	1,677,331	1,651,532
Retained profit	26,589	25,799
At 30th June 2005	<u>1,703,920</u>	<u>1,677,331</u>

**11. RELATED PARTY TRANSACTIONS**

The company is exempt from disclosing its transactions with fellow group undertakings as a result of it being a 100% subsidiary of IAF Group plc.

**12. ULTIMATE PARENT UNDERTAKING**

The results of the company are included in the consolidated financial statements of IAF Group plc which is the company's ultimate parent undertaking.