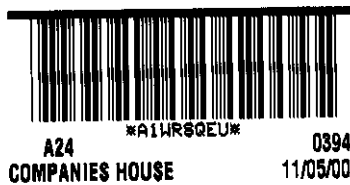


THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 1999**

REGISTERED NUMBER: 2711452



THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

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THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION
AS AT 30 JUNE 1999

DIRECTORS

L J R Portnoi - Chairman
T C Villiers
M J Bisdee (resigned 7 December 1999)

SECRETARY

P Sands

REGISTERED OFFICE

3 Church Street
Bradford on Avon
Wiltshire
BA15 1LR

AUDITORS

Blinkhorns
14/16 Great Portland Street
London
W1N 6BL

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

REVIEW OF THE BUSINESS

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

DIRECTORS AND THEIR INTERESTS

L J R Portnoi - Chairman

T C Villiers

M J Bisdee (resigned 7 December 1999)

Directors appointed since year end:

B M Goldstein

7 December 1999

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 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 maintaining 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.

YEAR 2000 SOFTWARE ISSUES

The directors have made an assessment of the year 2000 problem and have put into action a general plan to address the year 2000 problem as it relates to the business and operations. The company's PC's were tested at the end of 1998 and again in 1999; no significant problems were found. The company will continue testing into the new millennium. The cost of remedial work is likely to be minimal.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
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DIRECTORS' REPORT

AUDITORS

The auditors, Blinkhorns, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:

 Director

P.P.
P Sands
Secretary

Date: 14 December 1999

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 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 as to whether 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 affairs of the company as at 30 June 1999 and of its excess of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Blinkhorns

Registered Auditors
14/16 Great Portland Street
London
W1N 6BL

Date: 21 December 1999

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 £	1998 £
TURNOVER		357,153	218,515
Administrative expenses		346,430	219,228
OPERATING SURPLUS / (DEFICIT)	2	10,723	(713)
Investment income and interest receivable	3	1,073	137
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		11,796	(576)
Tax on surplus / (deficit) on ordinary activities	5	(225)	-
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		11,571	(576)

Continuing operations

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

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 30 JUNE 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	6		15,359		3,981
CURRENT ASSETS					
Debtors	7	850		6,558	
Cash at bank and in hand		71,453		23,449	
		<u>72,303</u>		<u>30,007</u>	
CREDITORS: amounts falling due within one year	8	<u>(75,826)</u>		<u>(33,726)</u>	
NET CURRENT LIABILITIES			<u>(3,523)</u>		<u>(3,719)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,836</u>		<u>262</u>
CAPITAL AND RESERVES					
Profit and loss account	10		<u>11,836</u>		<u>262</u>
TOTAL FUNDS			<u>11,836</u>		<u>262</u>

Approved by the board of directors on 14 December 1999 and signed on its behalf by:


T C Villiers
Director

The notes on pages 8 to 11 form part of these financial statements.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 £	1998 £
Net cash inflow from operating activities	2	66,260	21,514
Returns on investments and servicing of finance	11	1,073	137
Capital expenditure	11	(19,329)	(1,698)
Cash inflow before use of liquid resources and financing		48,004	19,953
INCREASE IN CASH IN THE YEAR		48,004	19,953

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

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INCREASE IN CASH IN THE YEAR	48,004	19,953
Change in net funds resulting from cash flows	48,004	19,953
Movement in funds in the year	48,004	19,953
Net funds at 1 July 1998	23,449	3,496
Net funds at 30 June 1999	71,453	23,449

The notes on pages 8 to 11 form part of these financial statements.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. Due to the mutual nature of the company all excess resources are available for future costs or as refunds to the members.

Turnover

Turnover represents the total invoice value of services rendered during the year. The company has registered for VAT on 1 May 1999 with some income subject to VAT while other income is exempt.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Office furniture and fittings	25% on cost
Computer equipment	33.33% on cost

2. OPERATING SURPLUS / (DEFICIT)

Operating surplus / (deficit)	1999 £	1998 £
After charging:		
Depreciation of fixed assets	7,950	1,938
Auditors' remuneration	855	926
Hire of equipment	2,652	2,274

Reconciliation of operating surplus to net cash inflow from operating activities

	1999 £	1998 £
Operating surplus / (deficit)	10,726	(713)
Depreciation	7,950	1,938
Decrease / (increase) in debtors	5,708	(1,801)
Increase in creditors	41,876	22,090
Net cash inflow from operating activities	66,260	21,514

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1999 £	1998 £
Interest received and receivable		
Bank interest	1,073	137

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Staff costs		
Wages and salaries	43,439	31,908
Social security costs	4,214	3,165
	<u>47,653</u>	<u>35,073</u>
	1999	1998
	No.	No.
The average number of employees during the year was made up as follows:		
Number of employees	<u>3</u>	<u>3</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
The taxation charge comprises:		
Corporation tax at 21% (1998 - 21%)	<u>225</u>	<u>-</u>
	<u>225</u>	<u>-</u>

The liability to corporation tax arises only in respect of the interest received in the year.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

6. TANGIBLE FIXED ASSETS

	Office furniture, fittings and computer equipment £
Cost:	
At 1 July 1998	8,897
Additions	19,329
At 30 June 1999	<u>28,226</u>
Depreciation:	
At 1 July 1998	4,917
Charge for year	7,950
At 30 June 1999	<u>12,867</u>
Net book value:	
At 30 June 1999	<u>15,359</u>
At 30 June 1998	<u>3,981</u>

7. DEBTORS

	1999 £	1998 £
Trade debtors	<u>850</u>	<u>6,558</u>

8. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Trade creditors	18,344	22,213
Corporation tax	225	-
Other taxes and social security costs	3,092	631
Other creditors	34,000	10,000
Accruals and deferred income	20,165	882
	<u>75,826</u>	<u>33,726</u>

Included in other creditors are subordinated loans of £10,000 which cannot be repaid to the members without the prior agreement of the PIA.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

9. SHARE CAPITAL

The company does not have a share capital as it is limited by guarantee.

10. INCOME AND EXPENDITURE ACCOUNT

	1999	1998
	£	£
Retained surplus at 1 July 1998	262	838
Surplus / (deficit) at 30 June 1999	11,574	(576)
Retained surplus at 30 June 1999	<u>11,836</u>	<u>262</u>

11. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1999	1998
	£	£
Returns on investments and servicing of finance		
Interest received	1,073	137
Net cash inflow from returns on investments and servicing of finance	<u>1,073</u>	<u>137</u>
Capital expenditure		
Purchase of tangible fixed assets	(19,329)	(1,698)
Net cash outflow from capital expenditure	<u>(19,329)</u>	<u>(1,698)</u>

12. ANALYSIS OF CHANGES IN NET FUNDS

	1998	Cash flow	1999
	£	£	£
Cash at bank and in hand	<u>23,449</u>	<u>48,004</u>	<u>71,453</u>

13. TRANSACTIONS WITH DIRECTORS

During the normal course of its activities the Association has paid £59,729 (1998: £42,300) to Mr T C Villiers for consultancy services. No other director received any remuneration for their work as a director.

THE ASSOCIATION OF POLICY MARKET MAKERS LIMITED
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MANAGEMENT INFORMATION
FOR THE YEAR ENDED 30 JUNE 1999