

# Charles Stanley

GROUP PLC



2001

ANNUAL REPORT & ACCOUNTS

Our aim is to create value through excellence

for our shareholders

for our clients

for our staff

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#### Financial highlights

Pre-tax profit	£15.47m up 2%
Turnover	£70.44m up 2%
Earnings per share	26.55p up 11%
Dividends per share	4.00p up 23%
Net assets per share	86.44p up 47%




## Chairman's Statement

I am delighted to report that Charles Stanley Group has once again achieved record results. Though stock market volumes have been subdued this year, the Group has succeeded in consolidating the rapid profits growth of recent years. The Directors view this as an excellent result. Profit before tax reached £15.5 million, compared with £15.2 million for the previous year, and earnings per share increased from 23.82p to 26.55p. Excluding goodwill amortisation, earnings per share increased from 24.68p to 27.20p. The final dividend is increased to 3.25p making a total of 4.00p for the year, an increase of 23%. Shareholders' funds rose by 53% from £23.8 million to £36.4 million.



The strategy of the Group is to provide the widest range of stockbroking and investment services, from the higher value added discretionary management of clients' portfolios through full-service advisory stockbroking to dealing-only services by telephone and the internet. We offer a range of products and services including ISAs and PEPs, Self Invested Pension Plans and more recently stakeholder pension plans, together with cash management. In addition to this breadth of service to the retail market we have a significant agency broking operation serving the institutional market. We also have a growing Corporate Finance department, providing both general and specific advice to the smaller quoted companies sector. These services and products are supported by our independent research capability.



By providing services along the entire waterfront, to a complete range of clients, we believe that we remain well positioned to manage our business as different areas of the market place experience growth and contraction.

This relies also on our attention to quality, our proactive embrace of new technology, and the excellence of our staff. For example, we followed our prestigious award last year as the "Best Medium Stockbroker" for 1999, according to readers of the Investors Chronicle, by their award this year of "Best Dealing-Only UK Stockbroker" for 2000. We were the first stockbroker to own our own web-site, and through our on-line service, Xest, we have pioneered successful internet share-dealing services for Egg and Fidelity Investments.

Because stockbroking is a volatile business we build a significant degree of gearing into our expenditure. Fixed overheads are kept as low as possible, so that expenditure rises - and, more significantly, in adverse conditions falls - in line with income. At the same time we seek a steady increase in fee income. This is volatile, too. It depends on factors such as stock market valuations and the volume of corporate finance activity. But it often follows a different cycle to dealing commission income, still our primary source of revenue, and therefore helps to balance the portfolio still further.

#### Results for the year

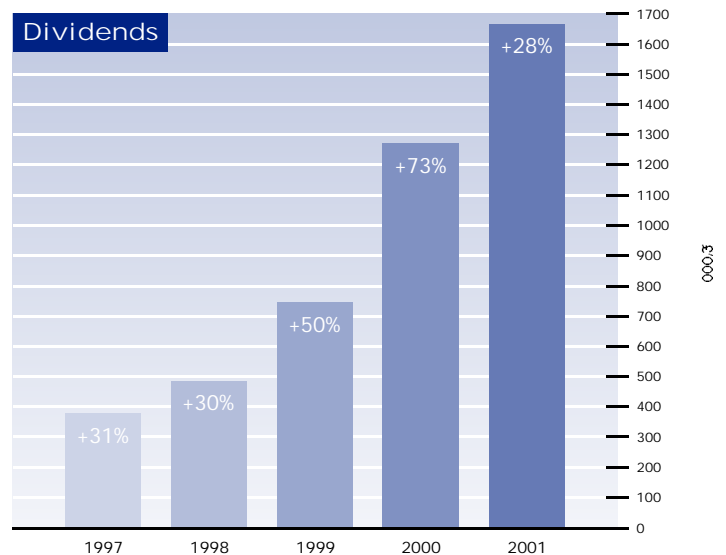
Once again all divisions of the Group performed well. Turnover increased by 2% from £69.4 million to £70.4 million. As shown in note 2 to the accounts, a decrease in commission was more than offset by increased investment management and corporate finance fees. Funds under management have risen to £6.1 billion with £775 million under discretion. Within this, £800 million is held in PEPs and ISAs. Key aspects which have influenced the results are detailed below.

#### Commission

Gross commission decreased by 6% from £57.3 million to £53.9 million in line with a decrease of 6% in bargain numbers, though we have maintained our market share of approximately 3% of total volumes. Last year's figures included the five months from November 1999 to March 2000 when stock market trades suddenly increased, fuelled by a combination of excitement over "dot.com" stocks and the excitement, too, of carrying out share transactions on the internet.

Our dealing-only services, "Gold Card Dealing" and Xest, enjoyed another successful year. The number of bargains dealt over our internet services doubled during the year. "Gold Dealing Card" telephone-dealing bargain numbers fell in line with the fall in market volumes. Taken together our dealing-only services generated revenues of £3.2 million, the same level as last year. We have a rolling programme of regular updates of the web-site, with new design and added content. The client base is growing steadily, and the service, though very competitively priced, generates a useful contribution.

The research and development which we have carried out to create the internet delivery of our services has a direct impact on our upstream investment management and advisory business, too. During the year we have rolled out a variety of services to our investment clients, enabling viewing of their portfolios, dealing statements and in-house research on-line.



#### Investment management fees

Fees, principally from ISAs and PEPs, investment and cash management, reached a new record of £13.7 million in the year to 31 March 2001 compared with £10.2 million for 1999/2000, an increase of 34%.

#### Corporate finance and corporate broking

This division has had a good year with fees in excess of £2.75 million against £1.87 million in the previous year. During the year we have acted on six flotations and several larger secondary placings together with a number of general advisory instructions. At the year end the division acted on a retainer basis for thirty clients who are either fully listed or listed on AIM.

#### Acquisitions

The Group seeks to make strategic acquisitions to complement its geographical or business coverage, financed where possible from its own resources. We purchased for cash in January 2001 a successful stockbroking branch in the Isle of Wight, and in March 2001 Forester MacLean Benefit Consultants Limited to strengthen our financial planning division. Both businesses are expected to make contributions in the coming year.

### Management of change

Few industries can have undergone the pace and extent of change which stockbroking has, in recent years. A key ingredient in our growth has been the ability to plan for these changes, and to manage them successfully. In coming months we anticipate far-reaching regulatory changes, for which much work is being undertaken. And we expect significant developments in the world of trading, clearing and settlement. New trading platforms are evolving, old ones are consolidating, and there is a constant ferment of activity and speculation. All of these developments will, we think, bring clients greater choice, better prices and more efficiency, and we view all this very positively.

Underlying this is a steady upward trend, globally, in equity share ownership. Our skills and our range of experience suggest that the Group is well placed to benefit from all this.

### Dividends

The Directors recommend an increase in the final dividend from 2.75p to 3.25p net per share. Taken together with the increase in the interim dividend from 0.50p to 0.75p net per share this gives a total for the year of 4.00p (1999/2000: 3.25p), an overall increase of 23%.

In the past six years the amount distributed in dividend has increased by 663%, but the dividend remains well covered by earnings, at 6.6 times.

### Shareholders' funds

Shareholders' funds rose by 53% from £23.8 million at 31 March 2000 to £36.4 million at 31 March 2001. Of this increase of £12.6 million, £2.9 million represents for the first time the Group's holding of 100,000 shares in the London Stock Exchange.

### Capital expenditure

Expenditure on tangible fixed assets totalled £4.2 million during the year as set out in Note 12 to the accounts. £1.5 million of this figure was invested in replacing our mainframe computer and telephone system.

### Changes to our Articles

Accompanying the Annual Report is a separate document in which we set out proposed changes to our Articles of Association. These allow us to take advantage of the Electronic Communications Act 2000, so that:

- Information and communications can be made available to shareholders on the internet, and
- Proxy appointments (eg for voting on shareholder resolutions) can be communicated to us by the internet.

In accordance with the recommendation of The Accounting Standards Board I am pleased to report on a number of technical issues, as follows.

**Treasury policies**  
The Company's financial instruments comprise borrowings, cash and liquid resources, and various items, including trade debtors and trade creditors, that arise directly from its operations. Our treasury function seeks to reduce or eliminate financial risk, to ensure sufficient liquidity is available to meet foreseeable needs, and to invest cash assets safely and profitably. It operates within policies and procedures approved by the Board, which include strict controls on the use of financial instruments in managing the Company's risk. We continuously review the credit quality of counterparties and we limit individual aggregate credit exposures accordingly.

instalments between 2000 and 2002.  
Interest is charged at 1.75% over the Bank of Scotland base rate.  
At 31 March 2001 our total borrowings, including this loan amounted to £2.95m (2000 £3.55m). All our borrowings are denominated in sterling.

**Foreign currency**  
The Company has very small transactional currency exposures. We run small positions in a variety of currencies, principally in the US dollar, to support clients' dealing activities. Company policy requires any significant net exposures to be hedged using forward currency contracts as soon as a commitment is made.

**Derivative transactions**  
We conduct no derivative business on our own account. Client deals have to be transacted by the Company as principal, under the rules of IFFFE, but these are always matching, back-to-back transactions. In any case where such transactions place the client or the Company at risk we hold suitable collateral. This normally takes the form of a lien over the customer's assets and gives the Company a claim on these assets for both existing and future liabilities.

**Financing and interest rate risk**  
The Company finances its operations primarily out of retained profits. However, on the acquisition of the business of Shaw & Co Limited in December 1997, a subordinated loan of £3 million was negotiated from our bankers to secure a continuing substantial excess of capital in relation to our regulatory requirements (which we exceed by a comfortable margin). This is repayable in quarterly

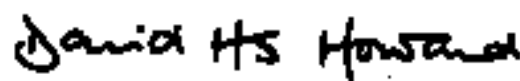
This does not replace existing channels of communications, but allows the additional use of the internet, in this way, where shareholders prefer this. The Directors recommend that you support these resolutions.

**Our staff**  
As always, our staff are the key to this business. On behalf of shareholders I pay tribute to everyone in Charles Stanley for their skill, commitment and dedication in achieving such a successful year.

Once again we propose to issue Charles Stanley shares, purchased in the market, to our employees so as to reinforce their involvement in the Company. This is the eighth year that we have done so. The current Profit Sharing Scheme is being phased out by the Inland Revenue and is being replaced by the new All-Employee Share Ownership Plan (which shareholders have previously approved). While there are numerous additional features to the new scheme, it contains similar provisions to our existing scheme and it will be operated in a similar way.

**Outlook**  
Market conditions remain subdued in the opening weeks of the new financial year. It is impossible at this early stage of the year to see to what extent we might expect an upturn in volumes. If this does not materialise it is inevitable that our results for the half-year will fall short of last year's record interim profits notwithstanding the improvement in the mix of our business going forward. Much will depend on the economic indicators in the USA and Europe. While we do not foresee an imminent return to the over-heated conditions of 18 months ago, we are looking for an improved economic picture during the third or fourth quarter of the current year.

We are well-placed to weather any continuing downturn. Our balance sheet is strong, and we continue to seek suitable acquisitions. It is too early to predict the outcome for the year, but our overall assessment is positive.



Sir David Howard, Bt.  
Chairman

## Report of the Directors

The Directors submit their report and financial statements for the year ended 31 March 2001.

### Principal activities

The Company and its Group undertakings operate as investment companies and provide stockbroking, corporate finance and investment services.

### Results

The Group profit for the year after taxation amounted to £11.02 million.

### Dividends

The Directors have declared and now recommend the following dividends in respect of the year ended 31 March 2001:

	2001	2000
Interim dividend paid 28 November 2000 of 0.75p per share (2000: 0.50p)	316,120	202,575
Final dividend proposed of 3.25p (2000: 2.75p)	1,369,855	1,114,297
	£1,685,975	£1,316,872

The final dividend will be posted on 30 July 2001 to shareholders on the Company's register at close of business on 22 June 2001.

Profit retained for the year after dividends amounted to £9.33 million.

### Review of the year and future developments

A review of the year and of future developments is set out on pages 2 to 5.

### Directors

The Directors named on page 9 served throughout the year. Mr. Michael R.I. Lilwall retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

No Director has a service contract of more than one year's duration except Mr Peter A. Hurst who has a service contract which provides for one year's notice to be given in October of any year.

Under the terms of employee savings related share option schemes Mr Michael Clark, Mr Peter A. Hurst and Mr Michael R.I. Lilwall have a potential interest in 3,328 ordinary shares (2000: Mr Michael Clark and Mr Peter A. Hurst had a potential interest in 46,756 ordinary shares).

#### Directors' remuneration

The Group does not have a Remuneration Committee as required by the Combined Code on Corporate Governance and the Board carries out these duties.

It is the policy of the Board that the Directors are remunerated in identical fashion to Group employees generally; that is to say that remuneration consists predominately of fixed salaries which are reviewed annually by the Board, with the addition of occasional non-formula-linked discretionary bonuses. In determining Directors' remuneration, the Board gives full consideration to Section B of the best practice provisions annexed to the Listing Rules. Details of the Directors' remuneration are set out in note 5.

#### Directors' interests

The interests of the Directors in the share capital of Group Companies were:

#### Other share interests

The Directors are aware of substantial interests in the shares of Charles Stanley Group PLC as follows:

	No. of shares	
	12.6.01	31.3.01
Schroders PLC and its associated companies	5,003,846	5,003,846
John L.S.Howard	4,281,192	4,281,192
Abtrust Fund Managers Limited and its associated companies	2,499,633	2,499,633
The Estate of Sir Edward Howard	2,000,000	2,000,000
Queen Street Securities Limited (a company of which Sir David Howard is a director)	1,640,000	1,640,000

	Beneficially held			Otherwise held		
	12.6.01	31.3.01	1.4.00	12.6.01	31.3.01	1.4.00
Charles Stanley Group PLC						
Sir David Howard	9,365,500	9,319,900	9,318,900	747,635	700,325	752,545
Peter A. Hurst	162,036	162,036	115,080	747,635	700,325	752,545
E. Michael Clark	604,967	609,092	563,011	123,000	–	–
Michael R.I. Lilwall	41,355	41,355	41,180	–	–	–
Gryphon Investments PLC						
Sir David Howard	15,000	15,000	15,000	–	–	–

#### Taxation status

As far as the Directors are aware, the Company is not a close company for taxation purposes.

#### Payments to creditors

It is the Company's policy to pay stockbroking creditors on Settlement Day or when stock has been delivered, whichever is later, and to pay suppliers in accordance with their payment terms. Amounts due to suppliers at the balance sheet date represent approximately 19 days credit based on the total amounts of goods and services invoiced by them during the year.

#### Charitable and political donations

Charitable donations during the year amounted to £11,537.

There were no political donations during the year.

#### Employees and associates

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the intranet. Employees are consulted regularly on a wide range

of matters affecting their current and future interests. The Group's Profit Sharing Scheme and the Save As You Earn share option scheme have been running successfully since 1989. In addition employees receive discretionary bonuses.

The Group fills vacancies solely in terms of ability, without regard to race, religion, colour, sex or disability. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons, should, as far as possible, be identical to that of other employees.

#### Auditors

The Company's auditors, Saffery Champness, are willing to continue in office, and a resolution proposing their re-appointment and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

By Order of the Board

Gary Teper

Secretary

12 June 2001



It is with great sadness that we report the passing away on 16 March 2001 of our Life President, Sir Edward Howard, at the age of eighty five. Sir Edward retired from his role as non-executive chairman of the Group in October 1999, ill health precluding him from continuing a more active involvement in Charles Stanley. He was witness to significant changes, both to Charles Stanley and the industry, during a career that spanned more than fifty years, including over thirty years as senior partner or chairman. Such changes included the rapid growth of the business during these years, as well as its move to the Official List in 1988 creating the foundations of the Group as it is today. Sir Edward served as Lord Mayor of London 1971-72.

## Directors and Company Information

Charles Stanley Group PLC was incorporated on 16 July 1896. The business had been established on 2 January 1792 and Charles Stanley was first recorded as a member firm of the London Stock Exchange in 1853.

### Directors

Sir David Howard, Bt., D.Sc., M.A., F.S.I.(Hon.)  
(Chairman and Managing Director)

Sir David is 55 and joined Charles Stanley in 1967. He became Managing Partner in 1971, Managing Director (on incorporation of the partnership) in 1988 and Chairman in October 1999. He has served on Stock Exchange, LIFFE, CREST and trade association committees. He is currently Lord Mayor of London.

Peter A. Hurst, F.C.A., A.C.I.B., M.S.I.  
(Finance Director)

Peter Hurst is 52 and joined Charles Stanley in 1987. He is the main board Director responsible for branches and for finance, information technology and premises. He is a member of the compliance and risk monitoring, e-commerce, marketing, operations, corporate finance approvals and investment committees. Prior to joining Charles Stanley he worked in banking for 10 years having been previously in audit practice.

E. Michael Clark, M.S.I.

Michael Clark is 54 and became a member of the Stock Exchange in 1970. He joined Charles Stanley & Co. in 1976, became a partner in 1982 and a Director (on incorporation of the partnership) in 1988. He is responsible for fund management, financial services and research.

Michael R.I. Lilwall, B.Sc., F.S.I. (Dip.)

Michael Lilwall is 43 and is responsible for the Corporate Finance Division of the company together with taking an active role in business development for the Group.

Previously he was Chief Executive of Shaw & Co. Ltd, whose business was acquired by Charles Stanley & Co. in 1997. Prior to that he was a Director of Seymour Pierce Butterfield and Brewin Dolphin & Co. Ltd.

### Secretary

Gary Teper, L.L.B.(Hons.)

Company Registration Number  
48796 (England and Wales)

Registered Office  
25 Luke Street, London EC2A 4AR

### Websites

www.xest.com — Execution only  
Electronic Share Trading  
www.charles-stanley.co.uk — Corporate  
www.charlesstanleyplc.co.uk — Investor relations

### Registrars

Connaught St. Michaels Limited  
P.O. Box 30, Cresta House, Alma Street, Luton,  
Bedfordshire LU1 2PU

### Brokers

HSBC Investment Bank plc  
Vintners Place,  
68 Upper Thames Street,  
London EC4V 3BJ

### Bankers

Bank of Scotland  
41 South Gyle Crescent,  
Edinburgh EH12 9DR

### Auditors

Saffery Champness Chartered Accountants  
Fairfax House, Fulwood Place, Gray's Inn,  
London WC1V 6UB



## Financial Calendar

12 June 2001	Results announced
20 June 2001	Ex-dividend date for final dividend
22 June 2001	Record date for final dividend
18 July 2001	Annual General Meeting
30 July 2001	Final dividend paid
November 2001	Interim results announced

## Corporate Governance

The Combined Code on Corporate Governance issued by the London Stock Exchange contains 14 Principles of Good Governance applicable to listed companies and the paragraphs below, together with the Directors' Report and note 5 to the Financial Statements on Directors' remuneration, describe how these Principles are applied within Charles Stanley Group PLC.

### The Board and its committees

The Group Board currently comprises four executive Directors. The Board is responsible for the overall direction and strategy of the Group and meets regularly throughout the year, with additional meetings to consider the half-year and full-year results.

Under the Company's Articles of Association one third of the Directors are required to retire by rotation each year.

### Statement of Directors' Responsibilities

The following statement is made for the purposes of clarifying for members the respective responsibilities of the Directors and the Auditors in the preparation of the financial statements.

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 and the Group at the end of the financial year and of the Group's profit or loss for the financial year. In preparing these financial statements, the Directors are required to use appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and confirm that all applicable accounting standards have been followed. The Directors are required to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Group and 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.

The Board has established a number of committees including in particular:

#### Compliance and Risk Committee

This group meets monthly and comprises the four Board Directors, compliance officers, the Group financial controller and

the head of legal services. Its principal terms of reference are to review compliance with the relevant financial services legislation, adherence to the Group's internal regulations, the review of individual transactions and the identification of risk.

#### Operations Committee

This committee meets monthly. The membership of the committee comprises of one Board director and the seven non-PLC directors of Charles Stanley & Co Limited, the Group's main trading subsidiary, together with the settlement manager, office manager and systems development manager. Its main brief is to ensure the effective implementation of projects.

#### Investment Committee

This committee meets monthly and comprises three Board Directors, the head of research and fund managers. It supervises the output of the research department and monitors the performance of the model portfolio (in which the Group has an investment of £500,000) and the Managed and Regular High Income PEPs.

#### Dealing Committee

This committee meets monthly and comprises one Board Director, head dealers, head of IT and settlement manager. It is responsible for monitoring dealing and settlement performance and for managing relationships with market makers.

#### E-commerce Committee

This committee meets monthly and comprises all four of the Board Directors together with the heads of IT and internet trading. It is responsible for developing and monitoring e-Commerce initiatives and for making recommendations to the Board on e-commerce strategy.

#### Corporate Finance Approvals Committee

This committee meets monthly and comprises all four of the Board Directors and the corporate finance managers. It is responsible for ensuring that the Group complies with ongoing obligations in its role as broker and/or nominated adviser.

#### Relations with shareholders

The Directors communicate regularly with the Group's institutional shareholders. Shareholders attending the AGM are invited to ask questions and to meet with Directors after the formal proceedings have ended. In its annual and interim reports, result presentations and City announcements

generally, the Group endeavours to present an accurate, objective and balanced picture in a style and format which is appropriate for the intended audience. The Group's website ([www.charlesstanleyplc.co.uk](http://www.charlesstanleyplc.co.uk)) provides financial and business information about the Group.

### Internal control

The Directors have overall responsibility for the Group's system of internal controls, the objectives of which are the safeguarding of the Group's assets, the maintenance of proper accounting records, and the availability of reliable financial information for use within the business and for publication. This system of internal controls is also designed to provide reasonable, albeit not absolute, assurance against material misstatement and to prevent and detect fraud and other irregularities.

The Directors regularly review the effectiveness of the Group's internal control system. There is an ongoing process for identifying, evaluating and managing significant risks which was in place throughout the year. The Group's system of internal control includes appropriate levels of authorisation and segregation of duties. Financial reports are presented to the Board monthly detailing the results, variances against forecast and other performance data.

### Going concern

The Directors have satisfied themselves that the Group has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate for the financial statements for the year ended 31 March 2001 to have been prepared on a going concern basis.

### Compliance with the Combined Code

In addition to the 14 Principles of Good Governance the Combined Code also contains a Code of Best Practice with 45 detailed provisions.

The Board does not have any non-executive Directors and the Group does not have a Nominations Committee, a Directors' Remuneration Committee or an Audit Committee, which duties are carried out by the Board. The Directors believe that the recommendations regarding non-executive Directors are inappropriate for the Group at this time. However, this issue will be kept under review.

As a consequence the Group has not complied with 17 of the 45 Code provisions which require the involvement of non-executive Directors (A3.1 and 2, A5.1, B1.1 to 4, 9 and 10, B2.1 to 5, C2.3 and D3.1 and 2).

## Report of the Independent Auditors to the Members

We have audited the financial statements on pages 14 to 33 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 18 and 19.

**Respective responsibilities of Directors and Auditors**  
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 11. Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the United Kingdom Listing Authority.

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 Directors' 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 or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the Corporate Governance statement on pages 11 and 12 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any

apparent misstatements or material inconsistencies with the financial statements. 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 Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness  
Chartered Accountants Registered Auditors  
London, 12 June 2001

## Consolidated Profit and Loss Account

Year ended 31 March 2001

	Note	2001 £'000	2000 £'000
Turnover	2	70,443	69,372
Operating expenses		(56,153)	(54,979)
Operating profit	4	14,290	14,393
Interest receivable		1,565	1,074
Interest payable	6	(384)	(307)
Profit on ordinary activities before taxation		15,471	15,160
Tax on profit on ordinary activities	7	(4,447)	(5,510)
Profit for the year	8	11,024	9,650
Dividends	9	(1,686)	(1,317)
Profit retained for the year	19	9,338	8,333
Earnings per share	10	26.55p	23.82p
Earnings per share - diluted	10	26.19p	22.90p

There were no differences between the results on a historical cost basis and those reflected above.

## Statement of Total Recognised Gains and Losses

		2001 £'000	2000 £'000
Profit for the year		11,024	9,650
Unrealised gains on investments	13	2,954	115
Total recognised gains and losses relating to the year		13,978	9,765

The notes on pages 18 to 33 form part of these financial statements.

## Consolidated Balance Sheet

At 31 March 2001

	Note	2001		2000	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible	11		2,533		1,890
Tangible	12		6,814		4,305
Investments	13		3,667		577
			13,014		6,772
Current assets					
Debtors	14	173,914		448,835	
Listed investments		624		1,292	
Cash at bank and in hand		31,489		25,083	
		206,027		475,210	
Creditors: amounts falling due within one year	15	(181,160)		(455,986)	
Net current assets			24,867		19,224
Total assets less current liabilities			37,881		25,996
Creditors: amounts falling due after more than one year	16		(1,402)		(2,097)
Minority interests			(44)		(44)
Net assets			36,435		23,855
Capital and reserves					
Called up share capital	18		10,537		10,130
Revaluation reserve	19		3,069		115
Profit and loss account	19		22,829		13,610
Equity shareholders' funds	20		36,435		23,855

Approved by the Board on 12 June 2001

Sir David Howard  
Peter Hurst  
Directors

The notes on pages 18 to 33 form part of these financial statements.

## Balance Sheet

At 31 March 2001

	Note	2001		2000	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible	11		2,533		1,890
Tangible	12		6,814		4,305
Investments	13		31,169		19,731
			40,516		25,926
<b>Current assets</b>					
Debtors	14	1,399		1,456	
Cash at bank and in hand		199		144	
		1,598		1,600	
Creditors: amounts falling due within one year	15	(5,027)		(3,324)	
<b>Net current liabilities</b>			(3,429)		(1,724)
<b>Total assets less current liabilities</b>			37,087		24,202
Creditors: amounts falling due after more than one year	16		(652)		(347)
<b>Net assets</b>			36,435		23,855
<b>Capital and reserves</b>					
Called up share capital	18		10,537		10,130
Revaluation reserve	19		21,364		10,031
Profit and loss account	19		4,534		3,694
<b>Equity shareholders' funds</b>	20		36,435		23,855

Approved by the Board on 12 June 2001

Sir David Howard  
Peter Hurst  
Directors

The notes on pages 18 to 33 form part of these financial statements.

## Consolidated Cash Flow Statement

Year ended 31 March 2001

	Note	2001		2000	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	21		17,691		14,333
Returns on investments and servicing of finance	22		1,224		438
Taxation			(5,847)		(3,716)
Capital expenditure and financial investment	23		(3,018)		(1,152)
Acquisitions	24		(663)		(1,427)
Equity dividends paid			(1,431)		(835)
Cash inflow before financing			7,956		7,641
Financing					
Issue of ordinary share capital		288		9	
Decrease in debt		(1,838)		(743)	
	25		(1,550)		(734)
Increase in cash in the period			6,406		6,907
Reconciliation of net cash flow to movement in net funds					
Increase in cash in the year			6,406		6,907
Cash outflow from change in debt and lease financing			1,838		743
New finance leases			8,244		7,650
			(1,245)		(368)
Movement in net funds in the year			6,999		7,282
Net funds at 1 April 2000			21,537		14,255
Net funds at 31 March 2001	26		28,536		21,537

The notes on pages 18 to 33 form part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting Policies

The Group has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 14 to 33, which have been prepared under the historical cost convention as modified by the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards.

#### Basis of consolidation

The consolidated financial statements combine the financial statements of Charles Stanley Group PLC and all its subsidiaries drawn up to 31 March. For the purposes of these accounts uniform accounting policies have been followed throughout the Group. No profit and loss account is presented for Charles Stanley Group PLC, as permitted by S.230 of the Companies Act 1985.

#### Turnover

Turnover comprises dividends on investments, profits on sale of investments, stockbroking commission and investment management and corporate finance fees.

Dividends are credited to profit and loss account in the year in which they are received and are shown exclusive of tax credits.

Stockbroking commission and fees are stated gross but exclude value added tax.

#### Intangible fixed assets

Goodwill is capitalised at cost and amortised to the profit and loss account on a straight line basis over its useful economic life of 10 years. Positive goodwill purchased before 1 April 1997 will remain written off against realised reserves.

#### Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation and any provisions for impairment.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation periods of the principal categories of assets are as follows:

Freehold buildings and leasehold properties	up to 50 years
Office equipment and motor vehicles	3 to 10 years

#### Lease assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the annuity method. Depreciation on the relevant assets is charged to the profit and loss account. All other leases are "operating leases", and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

#### Deferred taxation

Provision is made, using the liability method, for taxation at the current rate of corporation tax in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if, in the opinion of the Directors, it is probable that a material tax liability or asset will crystallise in the foreseeable future.

#### Fixed asset investments

Listed investments including own shares, are shown in the financial statements at market value. Unlisted investments are shown at Directors' valuation. Shares in Group undertakings are shown at Directors' valuation at net asset value at 31 March each year. Surpluses and deficits on revaluation are reflected in the revaluation reserve. Permanent impairments in value are written off to profit and loss account. Realised profits and losses, being the difference between net sale proceeds and net carrying amounts, are accounted for in the profit and loss account of the period in which the disposal occurs. Surpluses and deficits recognised on revaluation of those assets in earlier years are dealt with by transfer between reserves.

#### Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

#### Pension costs

The Group operates a defined contribution scheme, a Group personal pension scheme and a defined benefits scheme. The assets of each scheme are held in separate, independently administered funds. Contributions to the defined contribution and Group personal pension schemes are charged to the profit and loss account when paid.

Contributions to the defined benefits scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the Group. Contributions are made on the advice of an independent qualified actuary using a projected unit credit method. The latest actuarial valuation was as at 13 May 1999. The most significant assumptions were:

Investment returns	7% per annum
Salary inflation	5% per annum

The scheme had assets with a market value of £6,010,586 as at 13 May 1999. The actuarial report indicated that the resources of the scheme are likely in the normal course of events to meet in full its prospective liabilities.

#### 2 Turnover and profit before tax

Turnover is derived from continuing stockbroking operations in the United Kingdom analysed as follows:

	2001	2000
	£'000	£'000
Commission	53,901	57,319
Investment management fees	13,696	10,179
Corporate finance fees	2,846	1,874
	70,443	69,372

## Notes to the Financial Statements (continued)

### 3 Particulars of staff

The average number of persons employed (including Directors) during the year was 414 (2000: 356).

In addition there were 165 (2000: 161) associates within the Group at the year end.

	2001 £'000	2000 £'000
Staff costs:		
Wages and salaries	15,722	14,092
Social security costs	1,703	1,477
Other pension costs	938	1,305
	<b>18,363</b>	<b>16,874</b>

4 Operating profit	2001 £'000	2000 £'000
--------------------	---------------	---------------

Operating profit is stated after charging:

Depreciation on owned assets	1,161	1,529
Depreciation on assets held under finance leases	486	244
Goodwill amortisation	270	348
Auditors' remuneration		
Audit work	70	78
Non-audit work	37	59
Operating lease rentals	552	619

5 Directors	Fees	Salary	Bonus	Benefits in kind	Total 2001	2000
(a) Emoluments						
Sir Edward Howard (retired 29 October 1999)	—	—	—	—	—	3,102
Sir David Howard (Chairman, Managing and highest paid Director)	5,250	225,000	61,112	20,423	311,785	300,952
Peter A. Hurst (Finance Director)	—	170,000	61,112	11,520	242,632	232,030
Michael Clark	—	215,000	61,112	11,292	287,404	282,597
Michael R. I. Lilwall	—	173,875	60,978	10,545	245,398	216,981
	<b>£5,250</b>	<b>£783,875</b>	<b>£244,314</b>	<b>£53,780</b>	<b>£1,087,219</b>	<b>£1,035,662</b>
2000	<b>£8,167</b>	<b>£695,525</b>	<b>£285,540</b>	<b>£46,430</b>	<b>£1,035,662</b>	

5 Directors (continued)

(b) Employee savings related share option schemes

	Period of option	Exercise price	31 March 2001	Exercised	Granted	1 April 2000
Peter A. Hurst (Finance Director)	August 1995 to August 2000	17.7p	—	(46,756)	—	46,756
	October 2000 to December 2005	507.0p	3,328	—	3,328	—
Michael Clark	August 1995 to August 2000	17.7p	—	(46,756)	—	46,756
	October 2000 to December 2005	507.0p	3,328	—	3,328	—
Michael R.I. Lilwall	October 2000 to December 2005	507.0p	3,328	—	3,328	—
			9,984	(93,512)	9,984	93,512

The gain on exercise of the options in August 2000 was £245,609 for each Director.

The market price of the ordinary shares at 31 March 2001 was £3.03 and the range during the year was £3.03 to £7.25.

(c) Pension schemes

Retirement benefits were accruing to two Directors under money purchase schemes and to three Directors under a defined benefit scheme.

Money purchase schemes:	2001	2000
Pension contributions by the Company		
Peter A. Hurst	14,800	27,750
Michael R. I. Lilwall	6,075	11,975
	£20,875	£39,725

Mr. M. R. I. Lilwall's contributions were paid into a Self Invested Personal Pension.

Defined benefit scheme:

Sir David Howard		
Accrued pension at end of year	£47,361	£39,722
Accrued lump sum at end of year	£106,562	£89,375
Michael Clark		
Accrued pension at end of year	£63,000	£53,833
Accrued lump sum at end of year	£141,750	£121,125
Peter Hurst		
Accrued pension at end of year	£40,500	—
Accrued lump sum at end of year	£91,125	—

The transfer values of the increase in accrued pension during the year were £66,749 for Sir David Howard, £73,720 for Mr Michael Clark and £341,754 for Mr Peter Hurst (after transfer of £360,000 from his previous money purchase scheme).

## Notes to the Financial Statements (continued)

### 5 Directors (continued)

#### (d) Related party transactions

The Directors undertake transactions in stocks and shares in the ordinary course of the Group's business for their own accounts. No amounts were owed by the Directors to the Group at 31 March 2001. There were no other material contracts between the Group and Directors.

6 Interest payable	2001	2000
	£'000	£'000
On bank loans and overdrafts	314	273
Finance lease interest	70	34
	<hr/>	<hr/>
	384	307

7 Tax on profit on ordinary activities	2001	2000
	£'000	£'000
Current year:		
Based on the profit for the year		
UK corporation tax at 30% (2000: 30%)	4,515	5,129
Prior years:		
Corporation tax	(68)	381
	<hr/>	<hr/>
	4,447	5,510

Deferred tax assets of approximately £300,000 (2000: £1,000,000) have not been recognised in the accounts.

In addition no provision has been made for the tax liability of approximately £400,000 which would arise if the fixed asset investments were disposed of at their book value.

### 8 Profit for the year

The consolidated profit for the year of £11,024,000 (2000: £9,650,000) includes a profit of £2,645,000 (2000: £1,943,000) which is dealt with in the accounts of the parent undertaking.

9 Dividends	2001	2000
	£'000	£'000
Interim paid of 0.75p per share (2000: 0.50p)	316	202
Proposed final of 3.25p per share (2000: 2.75p)	1,370	1,115
	<hr/>	<hr/>
	1,686	1,317

10 Earnings per share

The calculation of earnings per share and diluted earnings per share is based on the profit for the year of £11,024,000 (2000: £9,650,000). For the basic earnings per share the weighted average number of actual shares of 41,525,134 in issue (2000: 40,503,490) is used. For the diluted earnings per share the weighted average number of actual and potential shares of 42,086,953 (2000: 42,139,070) is used.

11 Intangible fixed assets	2001 £'000	2000 £'000
Group and Company		
Goodwill:		
Cost		
1 April	2,691	2,264
Increase during year		
Initial consideration	629	—
Deferred consideration	250	427
Fees	34	—
31 March	3,604	2,691
Amortisation		
1 April	801	453
Profit and loss account	270	348
31 March	1,071	801
Net book value	2,533	1,890

## Notes to the Financial Statements (continued)

### 12 Tangible fixed assets

	Freehold premises £'000	Long leasehold premises £'000	Short leasehold premises £'000	Office equipment and motor vehicles £'000	Total £'000
<b>Group and Company</b>					
<b>Cost</b>					
1 April 2000	372	1,870	1,340	5,330	8,912
Additions	—	17	825	3,386	4,228
Disposals	—	—	—	(220)	(220)
	372	1,887	2,165	8,496	12,920
<b>Depreciation</b>					
1 April 2000	6	533	970	3,098	4,607
Charge for year	7	149	130	1,361	1,647
Disposals	—	—	—	(148)	(148)
	13	682	1,100	4,311	6,106
<b>Net book value</b>					
31 March 2001	359	1,205	1,065	4,185	6,814
31 March 2000	366	1,337	370	2,232	4,305

The net book value of tangible fixed assets includes £1,224,000 (2000: £504,000) in respect of assets held under finance leases and hire purchase contracts.

Disposals under cost and depreciation include £103,000 for assets which have reached the end of their useful lives and have been fully depreciated.

13 Fixed asset investments	Shares in Group undertakings £'000	Own shares £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
(a) Group					
1 April 2000					
Cost		—	432	75	507
Revaluation surplus/(deficit)		—	115	(45)	70
Book value		—	547	30	577
Additions		100	105	30	235
Disposals		—	(99)	—	(99)
Revaluation in year		90	(99)	2,963	2,954
31 March 2001		190	454	3,023	3,667
Cost		100	438	105	643
Revaluation		90	16	2,918	3,024
(b) Company					
1 April 2000					
Cost	1,277	—	432	—	1,709
Revaluation surplus	17,907	—	115	—	18,022
Book value	19,184	—	547	—	19,731
Additions	—	100	105	—	205
Disposals	—	—	(99)	—	(99)
Revaluation in year	11,341	90	(99)	—	11,332
31 March 2001	30,525	190	454	—	31,169
Cost	1,277	100	438	—	1,815
Revaluation	29,248	90	16	—	29,354

The additions to own shares represent 62,630 shares acquired by the trustees of the Group's employee profit sharing scheme.

## Notes to the Financial Statements (continued)

### 13 Fixed asset investments (continued)

(c) The percentage of issued capital of Group undertakings held is:

Name of company	Activity	Note	Ordinary shares
Gryphon Investments PLC	Investment company		95%
Oceana Services Limited	Dormant		100%
Charles Stanley Services Limited	Holding company		100%
Charles Stanley & Co Limited	Stockbrokers	(1) & (2)	100%
Xest Corporation Limited	Dormant		100%
Rock (Nominees) Limited	Nominee company	(3)	100%
Stockmarket Independent Limited	Dormant		100%
Exempt Nominees Limited	Nominee company	(3)	100%
Forester MacLean Benefit Consultants Limited	Dormant		100%

Note

1 Member of The London Stock Exchange and the London International Financial Futures and Options Exchange. Regulated by The Securities and Futures Authority.

2 Shares held by Charles Stanley Services Limited.

3 Shares held by Charles Stanley & Co Limited.

	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
14 Debtors				
Trade debtors	172,741	—	448,026	—
Amounts owed by Group undertakings	—	1,392	—	1,453
Other debtors	238	7	299	3
Prepayments and accrued income	935	—	510	—
	<b>173,914</b>	<b>1,399</b>	<b>448,835</b>	<b>1,456</b>

15 Creditors: amounts falling due within one year	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	517,649	—	776,587	—
Less funds held on behalf of clients in protected bank accounts	347,852	—	333,578	—
	169,797	—	443,009	—
Bank loans	54	54	240	240
Subordinated bank loan (note 16)	1,000	—	1,000	—
Amounts owed to Group undertakings	—	2,677	—	1,568
Obligations under finance leases	497	497	209	209
Corporation tax	2,306	—	3,704	11
Other taxes and social security	2,286	—	1,592	—
Other creditors	619	356	546	122
Accruals and deferred income	3,231	73	4,571	59
Proposed dividends	1,370	1,370	1,115	1,115
	181,160	5,027	455,986	3,324

16 Creditors: amounts falling due after more than one year	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loan	—	—	40	40
Subordinated bank loan	750	—	1,750	—
Obligations under finance leases	652	652	307	307
	1,402	652	2,097	347

The bank loan is on normal banking terms and is repayable over five years. Interest is charged at 1.25% above the Royal Bank of Scotland base rate.

Subordinated bank loan repayments commenced on 1 March 2000. From that date the loan is repayable in 12 equal quarterly instalments. Interest is charged at 1.75% over the Bank of Scotland base rate.

## Notes to the Financial Statements (continued)

### 17 Financial instruments and risk management

#### Funding and liquidity

The financial assets and liabilities of the Group may be summarised as follows:

	2001 £'000	2000 £'000
Borrowings – UK sterling		
Floating rate borrowings	1,804	3,030
Fixed rate borrowings	1,149	516
	<hr/>	<hr/>
	2,953	3,546
Cash at bank and in hand:		
UK Sterling	30,501	22,314
United States Dollars	582	2,769
Euros	250	—
Others	156	—
	<hr/>	<hr/>
	31,489	25,083

The floating rate borrowings bear interest at 1.25% and 1.75% over the Royal Bank of Scotland and Bank of Scotland base rates respectively.

At 31 March 2001, the maturity profile of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, was as follows:

	Loans £'000	Finance leases £'000	Total £'000
More than two years	—	236	236
Between one and two years	750	416	1,166
Less than one year	1,054	497	1,551
	<hr/>	<hr/>	<hr/>
	1,804	1,149	2,953

17 Financial instruments and risk management (continued)

Fair values

Credit exposures on financial instruments arise through short-term deposits and interest rate and foreign exchange hedging. Such transactions are executed only with highly-credit-rated, authorised counterparties based on ratings issued by the major rating agencies. Counterparty exposure positions are monitored regularly.

There is no significant difference between the book and fair values of the Company's financial instruments.

Undrawn committed borrowing facilities

	2001	2000
	£'000	£'000
Revolving borrowing facilities:		
Expiring within one year	11,000	5,000

Further disclosures in respect of financial instruments are included in the Chairman's Statement on pages 2 to 5.

18 Called up share capital

	2001	2000
	£'000	£'000
Authorised:		
80,000,000 (2000: 80,000,000) ordinary shares of 25p each	20,000	20,000
Allotted and fully paid:		
42,149,378 (2000: 40,519,894) ordinary shares of 25p each	10,537	10,130

During the year 1,629,484 ordinary shares were issued as fully paid following the exercise of options by employees. 17.7p per share was paid in cash and 7.3p per share was credited by way of capitalisation of reserves (see note 19).

On 31 March 2001 the following options have been granted and remain outstanding in respect of ordinary shares of 25p in the Company under the Company's Save As You Earn Scheme.

	No. of Shares	Option price
Grant dated 18 October 2000	561,819	£5.07

Options are exercisable during the six months commencing 1 December 2005.

## Notes to the Financial Statements (continued)

19 Reserves	Group		Company	
	Revaluation reserve £'000	Profit and loss account £'000	Revaluation reserve £'000	Profit and loss account £'000
1 April 2000	115	13,610	10,031	3,694
Profit retained	—	9,338	—	959
Surplus on revaluation	2,954	—	11,333	—
Bonus issue capitalisation	—	(119)	—	(119)
	3,069	22,829	21,364	4,534

Cumulative goodwill written off in previous years directly to reserves amounts to £530,000 (2000: £530,000).

20 Reconciliation of movements in shareholders' funds	2001 £'000	2000 £'000
Profit for the year	11,024	9,650
Other recognised gains	2,954	115
Dividends	(1,686)	(1,317)
Issue of shares	288	9
Net increase in shareholders' funds	12,580	8,457
Opening shareholders' funds	23,855	15,398
Closing shareholders' funds	36,435	23,855

21 Reconciliation of operating profit to net cash inflow from operating activities	2001	2000
	£'000	£'000
Operating profit	14,290	14,393
Provision made against fixed asset investments	—	84
Depreciation charges	1,647	1,773
Goodwill amortised	270	348
Profit on sale of fixed asset investments	(29)	(17)
Decrease/(increase) in debtors	275,591	(248,681)
(Decrease)/increase in creditors	(274,078)	246,433
<b>Net cash inflow from operating activities</b>	<b>17,691</b>	<b>14,333</b>

22 Returns on investments and servicing of finance	2001	2000
	£'000	£'000
Interest received	1,565	1,074
Interest paid	(271)	(602)
Interest element of finance lease payments	(70)	(34)
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>1,224</b>	<b>438</b>

23 Capital expenditure and financial investment	2001	2000
	£'000	£'000
Purchase of tangible fixed assets	(2,983)	(1,160)
Purchase of investments	(235)	(97)
Sale of investments	200	105
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(3,018)</b>	<b>(1,152)</b>

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of leases of £1,245,000 which did not generate immediate cash flows.

## Notes to the Financial Statements (continued)

24 Acquisitions	2001	2000
	£'000	£'000
Acquisition of business of Shaw & Co. – deferred consideration	—	(1,427)
Acquisition of Isle of Wight branch and business of Forester MacLean Benefit Consultants Limited	(663)	—
	(663)	(1,427)

25 Financing	2001	2000
	£'000	£'000
Issue of ordinary share capital	288	9
Capital element of finance lease payments	(612)	(282)
Capital element of loan repayments	(1,226)	(461)
	(1,550)	(734)

26 Analysis of net funds	At 31.3.01	Cash flow	Other changes	At 1.4.00
	£'000	£'000	£'000	£'000
Cash at bank and in hand	31,489	6,406	—	25,083
Debt due within one year	(1,054)	1,226	(1,040)	(1,240)
Debt due after one year	(750)	—	1,040	(1,790)
Finance leases	(1,149)	612	(1,245)	(516)
Total	28,536	8,244	(1,245)	21,537

### 27 Contingent liabilities

The Group has contingent liabilities in respect of indemnities (principally in respect of certified stock transfers and share certificates) given in the ordinary course of business. No material loss is considered likely to arise in respect of these contingent liabilities.

28 Lease commitments

Group and  
Company  
£'000

Annual commitments under operating leases at 31 March were:

Land and buildings

Expiring within one year

16

Expiring within two to five years

30

Expiring after five years

570

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## Directors of Charles Stanley & Co Limited

Name	Responsibility
Stephen C. King	General Manager
Martina M. Murphy	Financial Controller
Philip C. Nathan	Dealing
Andrew Butcher	Client Services
Mac Anderson	e-Commerce
Eric R. Hurrell	Compliance
Michael J. Pitts	IT

together with the Directors of Charles Stanley Group PLC as listed on page 9.

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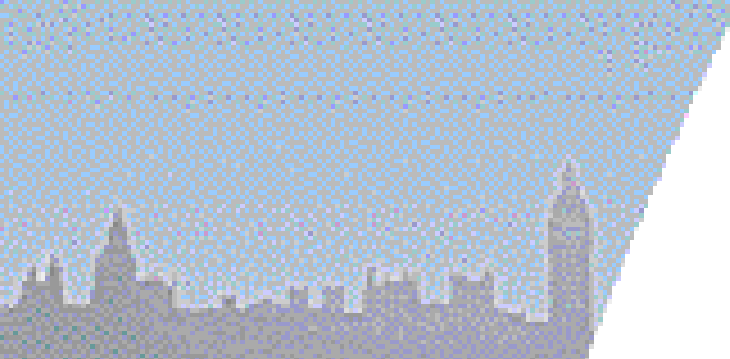
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## Notes





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