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CAVENDISH ASSET MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

31 DECEMBER 1999



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CAVENDISH ASSET MANAGEMENT LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 1999**

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Company Information

Directors:

B Lewis
J Lewis
C Lewis
M Rosehill
P Crane

Secretary and registered office: Cavendish Square Secretariat,
Chelsea House, West Gate, London, W5 1DR.

Auditors: BDO Stoy Hayward,
8 Baker Street, W1M 1DA

Company number: 735076

CAVENDISH ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 1999

The directors present their report together with the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the Company is investment portfolio management.

Review of business and future developments

The profit and loss account is set out on page 4 and shows the result for the year.

The directors consider the results for the year to be satisfactory and look forward to similar results in future years.

The Company is bound by the rules and regulations of IMRO.

Dividends

An interim dividend of £14,221 amounting to 0.7111p per share (1998 £176,028 amounting to 8.8014p per share) was paid during the year.

The directors do not recommend the payment of a final dividend.

Directors

The directors, who had no interest in the issued share capital of the Company during the year, were as follows:-

B Lewis
C Lewis
J Lewis
M Rosehill
P Crane

The interests of B Lewis, C Lewis and J Lewis in the shares of other group undertakings are disclosed in the report of the ultimate parent undertaking, Lewis Trust Group Limited.

CAVENDISH ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 1999 (*continued*)

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 compliance

To date the Company has experienced no serious year 2000 related problems but will continue to monitor both internally and externally.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

On behalf of Cavendish Asset Management Limited



Cavendish Square Secretariat
Secretary

Date: 18 April 2000

CAVENDISH ASSET MANAGEMENT LIMITED

REPORT OF THE AUDITORS

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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, on those statements and to report our opinion to you.

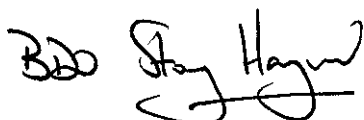
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a stylized flourish at the end.

BDO Stoy Hayward
Chartered Accountants and Registered Auditors

Date: 18 April 2000

CAVENDISH ASSET MANAGEMENT LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 1999

	Note	1999	1998
		£	£
Turnover	2	842,775	668,335
Administrative expenses		(838,447)	(725,690)
Interest receivable		34,293	65,628
Other operating income	3	83,206	81,718
Profit/(Loss) on investments		320,404	(90,782)
Interest payable and similar charges		<u>(932)</u>	<u>(1,818)</u>
		436,971	54,746
Profit/(Loss) on ordinary activities before taxation	5	441,299	(2,609)
Taxation on profits on ordinary activities	6	<u>-</u>	<u>114,995</u>
Profit on ordinary activities after Taxation		441,299	112,386
Dividend		<u>(14,221)</u>	<u>(176,028)</u>
Retained profit/(loss) for the year		427,078	(63,642)
Retained profit brought forward		1,216,822	1,280,464
Retained profit carried forward		<u>1,643,900</u>	<u>1,216,822</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements on shareholders' funds apart from the profit for the year.

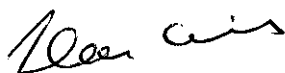
The notes on pages 6 to 10 form part of these financial statements.

CAVENDISH ASSET MANAGEMENT LIMITED

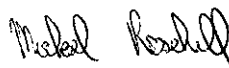
BALANCE SHEET as at 31 December 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	7		28,003		37,687
Current assets					
Debtors	8	382,156		356,708	
Investments	9	1,557,597		1,016,895	
Cash at bank and in hand	10	<u>391,181</u>		<u>491,978</u>	
		2,330,933		1,865,581	
Creditors: amounts falling due within one year	11	<u>(515,037)</u>		<u>(486,446)</u>	
Net current assets			1,815,896		1,379,135
Total assets less current liabilities			<u>1,843,900</u>		<u>1,416,822</u>
Capital and reserves:					
Ordinary share capital	12		200,000		200,000
Profit and loss account			1,643,900		1,216,822
Shareholders' funds - equity			<u>1,843,900</u>		<u>1,416,822</u>

The financial statements were approved by the board of directors on 13th APRIL 2000



J H Lewis - Director



M Rosehill - Director

The notes on pages 6 to 10 form part of these financial statements.

CAVENDISH ASSET MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 1999

1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards, and using the following principal accounting policies:

Tangible Fixed assets

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets over their expected useful lives at the following annual rates:

Furniture and fittings	- 20% on written down value
Computer equipment	- 40% on written down value
Office equipment	- 20% on written down value
Motor vehicles	- 25% on written down value

Valuation of investments

Investments held as current assets are valued at the lower of cost and market value.

Turnover

Turnover represents fee income in respect of portfolio management.

2 Turnover and profit before tax

The turnover and profit before taxation is derived from the Company's principal activity and arises entirely within the United Kingdom.

3 Other operating income

	1999 £	1998 £
Dividends receivable	42,505	50,918
Safe custody fees	39,300	30,800
Underwriting Commission	1,401	-
	<u>83,206</u>	<u>81,718</u>

CAVENDISH ASSET MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 1999 *(continued)*

4 Employees

	1999 £	1998 £
Wages and salaries	310,161	270,936
Social security costs	32,272	24,648
Employers pension contributions	17,570	14,588
	<u>360,003</u>	<u>310,172</u>

The average weekly number of employees during the year was 12 (1998 - 11).

5 Profit/(Loss) on ordinary activities before taxation

This is arrived at after charging/(crediting):

	1999 £	1998 £
Depreciation	13,442	18,486
Directors remuneration	5,150	5,150
Auditors' remuneration	22,120	15,000
(Profit)/loss on sale of investments	(300,668)	147,502
(Decrease)/increase in provision against investments	<u>(19,738)</u>	<u>238,283</u>

6 Taxation on profit on ordinary activities

	1999 £	1998 £
Tax credit on dividends received	-	10,075
UK Corporation Tax at 31% on profits for the year	87,900	12,878
Group relief	(86,699)	(10,028)
Over provision in prior year	<u>-</u>	<u>(125,070)</u>
	1,201	(112,145)
Income tax suffered on unfranked income	(1,186)	(2,714)
Double tax relief – overseas tax credit	(15)	(136)
	<u>-</u>	<u>(114,995)</u>

CAVENDISH ASSET MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 1999 (*continued*)

7 Tangible assets

	Office Equipment £	Furniture and fittings £	Computer equipment & software £	Motor Vehicle £	Total £
<i>Cost</i>					
At beginning of year	7,318	14,667	99,996	18,215	140,196
Additions	426	-	3,332	-	3,758
At end of year	<u>7,744</u>	<u>14,667</u>	<u>103,328</u>	<u>18,215</u>	<u>143,954</u>
<i>Depreciation</i>					
At beginning of year	5,513	11,469	80,974	4,553	102,509
Charge for the year	446	638	8,942	3,416	13,442
At end of year	<u>5,959</u>	<u>12,107</u>	<u>89,916</u>	<u>7,969</u>	<u>115,951</u>
<i>Net book value</i>					
At 31 December 1999	<u>1,785</u>	<u>2,560</u>	<u>13,412</u>	<u>10,246</u>	<u>28,003</u>
At 31 December 1998	<u>1,805</u>	<u>3,198</u>	<u>19,022</u>	<u>13,662</u>	<u>37,687</u>

8 Debtors

	1999 £	1998 £
Trade debtors	278,778	204,064
Other debtors	23,291	72,557
Corporation tax recoverable	80,087	80,087
	<u>382,156</u>	<u>356,708</u>

All amounts shown fall due for payment within one year.

CAVENDISH ASSET MANAGEMENT LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 1999 (continued)****9 Investments**

	1999 £	1998 £
Cost		
Listed on UK Stock Exchange	1,554,417	1,130,553
Unlisted Investments	200,578	189,884
Provision for unrealised loss on investments	(197,398)	(303,542)
	<u>1,557,597</u>	<u>1,016,895</u>
Market Value		
Listed on UK Stock Exchange	1,521,807	912,022
Unlisted Investments	380,266	245,522
	<u>1,902,073</u>	<u>1,157,544</u>

10 Cash at bank and in hand

	1999 £	1998 £
Cash at bank and in hand	<u>391,181</u>	<u>491,978</u>

At 31 December 1999 the Company held at its bankers, clients funds of £16,426,839 (1998 - £22,699,184) which have not been included above.

11 Creditors: falling due within one year

	1999 £	1998 £
Amount due to parent company	431,786	384,945
Other creditors	31,958	56,832
Accruals	51,293	44,669
	<u>515,037</u>	<u>486,446</u>

Creditors exclude £16,426,839 (1998 - £22,699,184) due to clients. These monies are held in client accounts at the Company's bankers (see note 10 above).

CAVENDISH ASSET MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (*continued*)

12 Ordinary share capital

	1999 £	1998 £
<i>Authorised</i>		
5,000,000 ordinary shares of 10p each	<u>500,000</u>	<u>500,000</u>
<i>Issued and fully paid</i>		
2,000,000 ordinary shares of 10p each	<u>200,000</u>	<u>200,000</u>

13 Client assets

The value of client's assets (other than money) which were in the possession of the Company or held to the order of clients at 31 December 1999 amounted to £243,278,965.

14 Ultimate parent undertaking

The Company's ultimate parent undertaking is Lewis Trust Group Limited, which is registered in England. Lewis Trust Group Limited is the smallest and largest group of which the Company is a member and for which group accounts are prepared.

15 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8: Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 90% or more controlled within the group and its ultimate parent undertaking, Lewis Trust Group Limited, prepares consolidated financial statements which are publicly available.

16 Cash flow statement

The Company has used the exemption conferred by Financial Reporting Standard 1: Cash Flow Statements, not to prepare a cash flow statement because a consolidated cash flow statement is included in the financial statements of its ultimate parent undertaking.