



Fleming Family & Partners Limited

Annual Report & Accounts  
for the year ended 31 March 2004



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## Directors

### Directors

Sir John Craven (Chairman)\*  
Lord Renwick (Deputy Chairman)\*  
G M Rochussen (Chief Executive Officer)  
M E T Davies\*  
R Fleming\*  
R J Fleming  
P Fleming\*  
V P Fleming\*  
M R Garber  
Sir Roger Gibbs\*  
G A Richards  
M G Wade\*

\* Non-executive director

### Secretary

C E S Stone

### Registered Office

Ely House  
37 Dover Street  
London W1S 4NJ  
Telephone 020 7409 5600  
Fax 020 7409 5601

### Independent Auditors

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

### Registered Number

4006741

### Management Board

G M Rochussen (Chief Executive Officer)  
J R Collins (Trustee)  
D F Fletcher (Advisory)  
R A Fitzalan Howard (Asset Management)  
G A Richards (Trustee)  
D M Sukhanov (Head of Moscow Representative Office)

### Senior Advisers

D H Benson  
J H Cross  
A R Fleming  
D I Rawlinson  
M C Stoddart  
Sir Brian Williamson CBE

## Chairman's statement

Fleming Family & Partners continued to make steady progress during the year. Investment performance, new funds under management and advisory mandates enabled the Group to earn an operating profit for the full year of £4.1 million. Whilst the profits were somewhat lower than that reported last year, there was a significant increase in the contribution from Asset Management activities and thus a considerable enhancement in the quality of earnings.

Assets under management increased from £1.19 billion to £1.814 billion. Investment returns from asset management were good in both absolute and relative terms. In the conventional long-only public equities the performance was ahead of the benchmark, and in the hedge funds the absolute return objectives were met for the year.

Net assets on the balance sheet have increased to £11.8 million from £8.8 million. The arrears and current dividend on the 8% preference shares will be paid in July. No dividend is recommended on the ordinary shares.

The Group has continued to build its Asset Management business on the core multi-manager model and has added specialist investment services to augment returns for clients and attract new funds under management. The Private Equity activity in London has been strengthened by the acquisition of a team of four specialists. The opening of the Zurich based Asset Management business, and more recently the Liechtenstein Trust Services business, has enhanced the Group's service to non-UK clients including those from emerging-markets. The Moscow office continued to provide support, not only in seeking investment opportunities, but also in attracting new wealth management clients. As clients have become more focused on absolute returns, the Group has increased their exposure to alternative asset classes including hedge funds as well as private equity and venture capital.

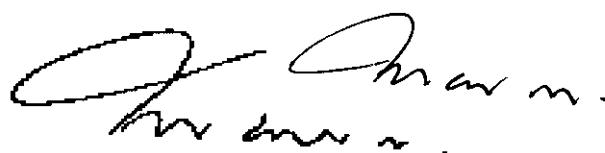
The Advisory business has continued to provide specialist corporate finance advisory services which includes the procurement and structuring of unusual investment opportunities. It has successfully broadened its client base.

A number of Board changes were announced during the year. I am pleased to say Sir Roger Gibbs, who I succeeded as Chairman on 1 October 2003, has agreed to remain

a director. Roger continues to provide invaluable support and the benefit of his experience. Gavin Rochussen joined the Board as Group Chief Executive and Mark Davies became Chairman of our asset management business. Subsequent to the year end, on 1 May 2004 Geoff Richards was appointed to the Board following his relocation to Switzerland to take responsibility for the Zurich and Liechtenstein businesses. Adam Fleming and Sir Brian Williamson joined David Benson, James Cross and Michael Stoddart as Senior Advisers. Iain Rawlinson who provided an important role in the formative years has relinquished executive responsibility at FF&P to become Chief Executive of The Highland Star Group which administers a group of companies controlled by trusts of which one of the directors is a beneficiary. I am pleased, however, that Iain remains associated with FF&P as a Senior Adviser.

The Group continued to work closely with the Fleming-Wyfold Art Foundation and sponsored the Scottish Colourists exhibition last Autumn. This excellent exhibition provided an effective platform from which the Group could launch its service offerings to prospective clients and intermediaries.

Finally, I thank the Board, Senior Advisers and all employees without whose support and commitment FF&P would not have made the progress it has. Their skills and dedication together with the firm foundation that has been built in the past four years means that FF&P can face the future with confidence.



Sir John Craven  
Chairman  
30 June 2004

## Chief Executive's Review

It has been a positive year, during which FF&P has made steady progress in all areas of its business by broadening the service offering and strengthening the balance sheet.

The establishment of the Asset Management business in Switzerland and the Trust Services business in Liechtenstein has enabled the Group to provide a service to UK non-resident and non-domiciled clients. Much progress has been made in the development of specialist investment offerings to augment the core multi-manager approach. A Russia Real Estate Fund was launched in May and has acquired its first building in central Moscow. FF&P Private Equity was established in January 2004 to provide private equity opportunities for clients to invest in the mid-market UK and continental regions.

### RESULTS AND DIVIDENDS

A sharp rebound in stock markets starting in March last year together with a net inflow of new funds under management, has enabled the Group to produce operating profits of £4.1 million. Whilst this is less than the £5.5 million reported in the prior financial year, it is encouraging to note that the largest contribution to earnings has been from the core Asset Management and Trustee business. Contribution from this stable and growing activity has increased by 158% since last year thereby improving the quality of the earnings for the Group significantly.

There has been continued effort to ensure that central overheads are controlled and that indirect costs are increased in line with the expansion and generation of new business for the Group.

For the year-ended 31 March 2004, the Group reported revenue of £28.2 million (2003: £26.3 million) and an operating profit of £4.1 million (2003: £5.5 million) before interest and tax. Profit after tax was £2.9 million (2003: £4.6 million). Consolidated net assets as at 31 March 2004 were £11.8 million (2003: £8.8 million).

### The earnings contributions (revenue less direct costs) were as follows:

	2004 £'000	2003 £'000
Asset Management & Trust Services	11,148	4,323
Advisory	1,017	8,241
	12,165	12,564
Central overheads	8,089	7,078
	<b>4,076</b>	<b>5,486</b>

A dividend of £1.37 million which represents the accumulated dividend on the preference shares, as at 31 March 2004, will be paid on 31 July 2004. No dividend on the ordinary shares is recommended.

### REVIEW OF BUSINESS

#### ASSET MANAGEMENT

The Asset Management business had a particularly successful year in terms of performance and in increasing funds under management by £624 million, from £1.19 billion to £1.814 billion at year end. Net fund inflows accounted for £302 million and market appreciation of £322 million made up the balance of the increase.

In London, our business includes the management of the assets of families, charities and institutions in three main asset classes: public equities, hedge funds and venture/private equity funds, all of which adopt a multi-manager philosophy. In Zurich, private clients are able to have their discretionary portfolios directly managed or have their funds invested on a multi-manager approach.

## Chief Executive's Review

With equity markets generally not cheap and bonds providing limited protection, the strategy of diversifying clients' portfolios, by increasing exposure to alternative asset classes such as hedge funds and private equity, has continued.

### London and Channel Islands

FF&P Asset Management Limited and FF&P Unit Trust Management Limited operate from Ely House and are authorised and regulated by the FSA. FF&P Asset Management (Guernsey) Limited is regulated by the Guernsey Financial Services Commission and is the investment adviser to the offshore funds structures managed by the Group.

**Public Equities** – The Global Equities Umbrella Fund is an open-ended authorised unit trust whose objective is to achieve a balanced return of capital growth and income through investment in a variety of asset classes. As of April, the Global Equities Fund ("GEF") has established a three year track record with FF&P Asset Management Limited as the investment adviser. In this difficult three year investment cycle, the Fund has outperformed its benchmark by 2.6% per annum net of all fees and charges. During the year the FSA approved the conversion of the structure from a securities fund to an umbrella fund. Accordingly, on the 1 August 2003, it was reorganised into two funds, GEF I and GEF II, with the assets being transferred into 11 unit trusts that form part of the GEF Umbrella Fund. Investors have the flexibility of determining weightings in underlying managers to achieve bespoke geographic and risk profiles. Total assets of the Fund at year end were £505 million.

**Hedge Funds** – Clients have invested in hedge funds through two funds of hedge funds.

*The Alternative Strategy Income Fund* is a fund with 37 underlying managers covering relative value, event-driven and long/short equity strategies. The Fund is an open-ended, Dublin listed Guernsey-domiciled PCC and was launched in December 2001. This fund is a low risk fund of hedge funds that is used as a stabiliser in clients' portfolios. Its aim is to outperform the US\$ LIBOR by 4% per annum (net of all fees) over rolling three year periods, with volatility less than half of the MSCI World Index. Investors are able to invest in the Fund via one of three currency cells: Sterling, Euro or US Dollar. The Fund had total assets of £185 million at year end and has demonstrated consistent returns.

*The Alternative Strategy Growth Warrant* was launched in September 2002 with the aim of outperforming US\$ LIBOR by 9% per annum (net of all fees) over rolling three year periods with greater volatility than the low risk fund of hedge funds. At the end of March, there were 15 underlying managers covering relative value, event-driven and long/short directional strategies with aggregate fund gearing of 257% and a fund net asset value of £39 million. The Fund has exceeded the performance target of US\$ LIBOR plus 9% for the 12 month period to 31 March 2004.

**Venture Funds** – clients have been able to invest in a fund of venture funds by investing in FF&P Venture Funds PCC Limited – Cell I, which is a Dublin listed Guernsey Investment Company. The Fund was launched in September 2002 with the aim of achieving long-term capital appreciation by investing in a diversified portfolio of venture capital, leverage buyout (LBO) and opportunistic unquoted funds. Total committed capital is \$112.9 million with \$41 million contributed and \$3.87 million distributed as at the end of March 2004. FF&P Venture Funds PCC Limited – Cell II was launched in February 2004 and had \$10 million of committed investments as at year-end. The intention is for Cell II to remain open for new clients opting for exposure to this asset class.

## Chief Executive's Review

**Private Equity** – exposure for clients is through a series of Limited Liability Partnerships. A total of 16 investments have been made with positive overall net returns after two realisations, two write downs and the balance of the portfolio carried at cost. The Private Equity activity in London has been increased with the acquisition of the Gordon House Asset Management team. Regulatory approval has been sought for a new offering which enables investors to invest alongside existing discretionary clients either by committing discretionary funds or by investing on a deal by deal basis.

**Real Estate** – exposure for clients in emerging markets has been achieved through investment into the closed-ended Russia Real Estate Limited, a Guernsey company. Initially, the objective was to invest in high quality office blocks located in Moscow and St Petersburg. Sharp rises in property values and a paucity of reasonably priced 'A' grade office buildings has made the acquisition of property difficult. However, a revaluation of the first building which was acquired in late 2003 revealed a satisfactory capital appreciation.

**Other Specialist Investment Opportunities** – alternative asset class opportunities are being actively pursued to draw on the financial services sector and emerging market expertise embedded within FF&P. The Group is also actively engaged in developing absolute return investment opportunities to complement the core multi-manager platform.

### Switzerland

Fleming Family & Partners (Suisse) AG, a member of the Swiss Association of Asset Managers, has completed its first full year of operation. The business has attracted funds from non-UK sources and offers bespoke investment solutions that include directly managed portfolios with varying risk profiles to meet clients' needs. A multi-manager approach,

selecting best performance managers, is also offered. At year-end, funds under management stood at £185 million and were invested with specialist managers in equities, bonds, hedge funds and private equity.

### Moscow

The representative office in Moscow continued to make an important business contribution to the Group. The Russia Real Estate Fund is advised by a five strong team in Moscow. The office is actively engaged in sourcing new clients on a selective basis and is engaged in pursuing investment opportunities in the region.

### TRUST SERVICES

FF&P Trustee Co. Limited in London, which serves its key client RF Trustee Co. Limited, has been resourced to ensure enhanced client service. In October 2003, Fleming Family & Partners (Liechtenstein) AG was founded in Vaduz to provide trustee services to serve new clients on a selective basis where investments are managed by the Group.

### ADVISORY

The Advisory business, with teams in London and Moscow, provides specialist corporate finance advisory services to clients of the Group. The strategy of broadening the client constituencies of the Advisory business has meant that the teams are actively engaged in providing advisory services, not only to The Highland Star Group, but also to other clients of FF&P and the Group itself. By its very nature income from advisory services is volatile. However, existing mandates will lead to revenue in the forthcoming year. Achievements during the year included the ongoing support for Highland Gold Mining Limited, advising certain trustee clients in relation to the acquisition of diamond and gold alluvial and tailing interests in Sierra Leone as well as the development of gold interests in South Africa. It has also continued to provide advisory support on the formation and development of The Highland Star Group and its associated

## Chief Executive's Review

interests in emerging markets resources assets, including those in the tantalum industry in Mozambique, nickel in Cuba, and aluminium and gold in Russia.


The team has also worked closely with Resolution Life Group, a new company being formed to acquire closed life books in the UK, in structuring the company to meet the requirements of asset management clients and other long-term investors.

### **RISK AND COMPLIANCE**

Much progress was made during the year in developing the Group Risk Management framework. The FSA completed a review of the regulated entities within the Group and confirmed that there were no significant business or control risks that could negatively impact on their regulatory objectives in respect of FF&P entities.

### **OUTLOOK**

Notwithstanding market weakness subsequent to year end, the outlook for the new year remains positive for all of the Asset Management, Trust Services and Advisory businesses. The prospect list for new client funds under management continues to grow. The Group remains actively engaged procuring new and exciting investment opportunities for its clients.

Two handwritten signatures in black ink, one on the left and one on the right, both appearing to be stylized versions of the same name.

G M Rochussen  
Chief Executive Officer  
30 June 2004



## Directors' report for the year ended 31 March 2004

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2004.

### Principal activities

The principal activities during the period were those of a financial services group.

### Results and dividends

For the year ended 31 March 2004, the Group reported revenue of £28.2 million (2003: £26.3 million) and an operating profit of £4.1 million (2003: £5.5 million) before interest and tax. Profit after tax was £2.9 million (2003: £4.6 million). Consolidated net assets as at 31 March 2004 were £11.8 million (2003: £8.8 million).

During the year the Company increased its authorised share capital by £540,000 by the creation of 54,000,000 ordinary shares of 1 pence each. On 30 September 2003, 49,470,110 ordinary shares of 1 pence were issued at 3 pence per share.

A dividend of £1.37 million which represents the accumulated dividend on the preference shares, as at 31 March 2004, will be paid on 31 July 2004. No dividend is recommended on the ordinary shares at the present time.

### Directors

The Directors of the Company are listed on page 2. G M Rochussen was appointed a Director of the Company with effect from 3 April 2003 and M E T Davies was appointed a Director of the Company with effect from 21 May 2003. G A Richards was appointed a Director of the Company with effect from 1 May 2004.

### Directors' interests

The interests of the directors in the shares of the Company were as follows:

	Beneficial As at 31 March 2004		Beneficial As at 31 March 2003 or date of appointment if later	
	Ordinary	Preferred	Ordinary	Preferred
Sir Roger Gibbs	18,000,000	—	18,000,000	—
Lord Renwick	18,000,000	—	18,000,000	—
Sir John Craven	18,000,000	—	6,000,000	—
R Fleming	1,277,076	425,702	1,277,076	425,702
R J Fleming	72,000,000	24,000,000	72,000,000	24,000,000
P Fleming	29,320,002	9,773,334	29,320,002	9,773,334
V P Fleming	680,816	40,408	121,224	40,408
M R Garber	28,800,000	9,600,000	28,800,000	9,600,000
M G Wade	1,500,000	—	1,500,000	—
M E T Davies	10,000,000	—	—	—
	Non-beneficial As at 31 March 2004		Non-beneficial As at 31 March 2003 or date of appointment if later	
	Ordinary	Preferred	Ordinary	Preferred
R Fleming	14,606,607	4,868,869	14,606,607	4,868,869
P Fleming	10,004,502	3,334,834	10,004,502	3,334,834
V P Fleming	15,392,219	4,024,345	12,073,035	4,024,345
G M Rochussen	12,000,000	—	9,000,000	—

No director held any shares in any other Group company.

## Directors' report for the year ended 31 March 2004

### Sub Committees

Sub committees of the Group are as follows:

#### Management Board

G M Rochussen (Chief Executive Officer)  
J R Collins (Trustee)  
D F Fletcher (Advisory)  
R A Fitzalan Howard (Asset Management)  
G A Richards (Trustee)  
D M Sukhanov (Head of Moscow Representative Office)

#### Audit Committee

V P Fleming (Chairman)\*  
D H Benson  
P L A Jamieson  
M G Wade\*

#### Remuneration Committee

Lord Renwick (Chairman)\*  
M E T Davies\*  
R J Fleming  
Sir Roger Gibbs\*

#### Group Asset Management Executive Committee

M E T Davies (Chairman)\*  
R A Fitzalan Howard  
G A Richards  
G M Rochussen

#### Investment Committee

M G Wade (Chairman)\*  
R A Fitzalan Howard  
P Fleming\*  
N A Honebon  
S D A Jamieson

#### Private Equity Investment Committee

M C Stoddart (Chairman)  
D Barbour  
D H Benson  
E W Dawnay  
D Donnelly  
S D A Jamieson

#### Risk Management Group

Lord Renwick (Chairman)\*  
D H Benson  
Sir John Craven\*  
M E T Davies\*  
G M Rochussen  
Sir Brian Williamson CBE

\* Non-executive director

## Directors' report for the year ended 31 March 2004

### Employees

Fleming Family & Partners Limited is an equal opportunities employer and seeks to develop its employees via in-house and external training schemes.

### Policy & practice on payment of creditors

It is the Company's intention to be a timely payer of bills where the aim is to settle all invoices within 30 days of receipt.

### Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that year. 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.

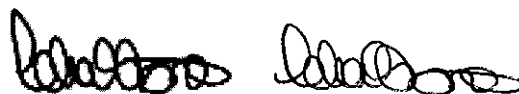
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

### Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the Board



C E S Stone  
Secretary  
30 June 2004

## Independent auditors' report to the members of Fleming Family & Partners Limited

We have audited the financial statements which comprise the profit and loss account, balance sheet, cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

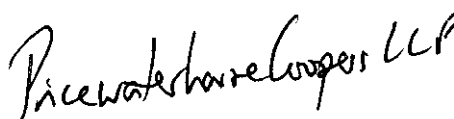
### **Basis of audit opinion**

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 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 affairs of the Company and the Group at 31 March 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
30 June 2004

## Consolidated Profit and Loss Account or the year ended 31 March 2004

	Note	Group 2004 £'000	Group 2003 £'000
Turnover	2	28,188	26,259
Administration costs	5	(24,112)	(20,773)
<b>Operating profit</b>	5	<b>4,076</b>	<b>5,486</b>
Interest receivable and similar income		257	221
Interest payable and similar charges	10	(137)	(132)
<b>Profit on ordinary activities before taxation</b>		<b>4,196</b>	<b>5,575</b>
Tax on profit on ordinary activities	11	(1,341)	(953)
<b>Profit for the financial year</b>		<b>2,855</b>	<b>4,622</b>
Dividends	13	(684)	(685)
<b>Retained profit for the financial year</b>		<b>2,171</b>	<b>3,937</b>

All turnover is attributable to continuing operations.

The Group had no recognised gains and losses other than as disclosed above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The Company's loss for the financial year amounted to £0.4 million (2003: £5.9 million profit).


## Consolidated Balance Sheet as at 31 March 2004

	Note	Group 2004 £'000	Group 2003 £'000
<b>Fixed assets</b>			
Tangible assets	14	1,148	1,319
Investments			
– Limited Liability Partnerships		12	–
– own shares in company held by an employee benefit trust	16	341	341
– cash held by an employee benefit trust	16	89	89
<b>Current assets</b>			
Debtors and prepayments	17	9,933	4,523
Deferred taxation	12	465	420
Cash at bank and in hand		7,681	9,513
<b>Creditors – amounts falling due within one year</b>	18	<b>(6,887)</b>	<b>(6,393)</b>
<b>Net current assets</b>		<b>11,192</b>	<b>8,063</b>
<b>Total assets less current liabilities</b>		<b>12,782</b>	<b>9,812</b>
<b>Creditors – amounts falling due after more than one year</b>	19	<b>(1,000)</b>	<b>(1,000)</b>
<b>Net assets</b>		<b>11,782</b>	<b>8,812</b>
<b>Capital and reserves</b>			
Called up share capital	20	12,631	12,136
Share premium account	20	989	–
Profit and loss account	21	(1,838)	(3,324)
<b>Total shareholders' funds</b>	22	<b>11,782</b>	<b>8,812</b>
<b>Analysis of shareholders' funds</b>			
Non-equity – preference shares	22	8,556	9,241
Equity – ordinary shares	22	3,226	(429)
		11,782	8,812

The financial statements on pages 12 to 32 were approved by the board of directors on 30 June 2004 and were signed on its behalf by:



Sir John Craven  
Chairman



G M Rochussen  
Chief Executive Officer

The accounting policies and notes to the accounts on pages 16 to 32 form part of these financial statements.

# Company Balance Sheet as at 31 March 2004

	Note	Company 2004 £'000	Company 2003 £'000
<b>Fixed assets</b>			
Tangible assets	14	–	11
Investments			
– shares in Group undertakings	15	12,126	13,299
– own shares in company held by an employee benefit trust	16	332	332
– cash held by an employee benefit trust	16	89	89
<b>Current assets</b>			
Debtors	17	4,005	33
Cash at bank and in hand		280	1,149
<b>Creditors – amounts falling due within one year</b>	18	<b>(2,123)</b>	<b>(1,290)</b>
<b>Net current assets/(liabilities)</b>		<b>2,162</b>	<b>(108)</b>
<b>Total assets less current liabilities</b>		<b>14,709</b>	<b>13,623</b>
<b>Creditors – amounts falling due after more than one year</b>	19	<b>(1,000)</b>	<b>(1,000)</b>
<b>Net assets</b>		<b>13,709</b>	<b>12,623</b>
<b>Capital and reserves</b>			
Called up share capital	20	12,631	12,136
Share premium account	20	989	–
Profit and loss account	21	89	487
<b>Total shareholders' funds</b>	22	<b>13,709</b>	<b>12,623</b>
<b>Analysis of shareholders' funds</b>			
Non-equity – preference shares	22	8,556	9,241
Equity – ordinary shares	22	5,153	3,382
		<b>13,709</b>	<b>12,623</b>

The financial statements on pages 12 to 32 were approved by the board of directors on 30 June 2004 and were signed on its behalf by:



Sir John Craven  
Chairman



G M Rochussen  
Chief Executive Officer



The accounting policies and notes to the accounts on pages 16 to 32 form part of these financial statements.

## Consolidated Cash Flow Statement for the year ended 31 March 2004

	Group 2004 £'000	Group 2003 £'000
<b>Net cash inflow/(outflow) from operating activities (note 4)</b>	<b>(145)</b>	<b>3,577</b>
<b>Capital expenditure and financial investment</b>		
Investments in Limited Liability Partnerships	(12)	—
Purchase of tangible fixed assets	(466)	(320)
Sales of tangible fixed assets	18	—
<b>Net cash outflow on capital expenditure and financial investment</b>	<b>(460)</b>	<b>(320)</b>
<b>Return on investment and servicing of finance</b>		
Preference share dividends paid	(956)	—
Interest received	257	221
Interest paid	(117)	(114)
<b>Net cash inflow/(outflow) from return on investment and servicing of finance</b>	<b>(816)</b>	<b>107</b>
<b>Financing</b>		
Issue of ordinary share capital	1,484	506
<b>Net cash inflow from financing</b>	<b>1,484</b>	<b>506</b>
<b>Taxation</b>	<b>(1,895)</b>	<b>(56)</b>
<b>Increase/(decrease) in net cash</b>	<b>(1,832)</b>	<b>3,814</b>
<b>Reconciliation to net cash</b>		
Net cash as at 1 April 2003	9,513	3,419
Increase/(decrease) in net cash	(1,832)	3,814
Decrease in bank overdraft	—	2,280
<b>Net cash at 31 March 2004</b>	<b>7,681</b>	<b>9,513</b>



## Notes to the financial statements for the year ended 31 March 2004

### 1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

#### Fixed assets

Assets with a unit value of less than £1,000 have not been capitalised but have been written off directly to the profit and loss account.

#### Depreciation and amortisation

Computers and related information technology equipment including, where considered appropriate, cabling and infrastructure costs have been capitalised and are being depreciated on a straight-line basis over two years.

All other fixed assets including furniture, fixtures and fittings and leasehold improvements (but excluding a small number of antiques which are not depreciated) are being depreciated on a straight-line basis over four years.

#### Employee benefit trust

Assets held in the Employee Benefit Trust will be held on the Group and Company balance sheets in accordance with UITF's 13 & 32, at the lower of cost and net realisable value until such assets vest unconditionally to the beneficiaries.

#### Deferred taxation

Provision for deferred taxation is recognised on all timing differences between profits stated in the financial statements and profits as computed for tax purposes, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is recognised at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Turnover

Turnover is recognised on an accruals basis.

#### Foreign currencies

All foreign currency transactions have been converted into Sterling at the mid-market rate prevailing on the date that the transaction is booked.

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are translated into sterling at average rates of exchange for the year. Exchange differences arising from the application of closing rates of exchange to the opening net assets held overseas, to the retranslation of the result for the year from the average rate to the closing rate are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

# Notes to the financial statements for the year ended 31 March 2004

## Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

## Pensions

The pension cost recognised in the profit and loss account represents the contributions payable to the scheme.

## Investments in subsidiaries

Investments are held at cost unless the directors consider there has been a diminution in value in which case such investments will be held at attributable net asset value.

## 2. Turnover

Turnover principally comprises fee income received for the provision of asset management, trustee and advisory services.

## 3. Segmentation by business type

	2004 £'000	2004 £'000	2004 £'000
Business Unit	Turnover	Direct Expenses	Contribution
Asset Management and Trustee Services	23,509	12,361	11,148
Advisory	4,679	3,662	1,017
	<b>28,188</b>	<b>16,023</b>	<b>12,165</b>

## 4. Cash flow from operating activities

	Group 2004 £'000	Group 2003 £'000
Operating profit	4,076	5,486
Depreciation charge	619	748
Decrease/(increase) in debtors	(5,410)	911
(Decrease)/increase in creditors	570	(3,064)
Ordinary shares issued – nil paid	–	(504)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(145)</b>	<b>3,577</b>

## Notes to the financial statements for the year ended 31 March 2004

### 5. Operating profit

	Group 2004 £'000	Group 2003 £'000
Operating profit is stated after charging		
Wages and salaries	(6,653)	(5,662)
Social security costs	(1,108)	(810)
Other pension costs	(701)	(511)
<b>Staff Costs</b>	<b>(8,462)</b>	<b>(6,983)</b>
<b>Depreciation of tangible fixed assets</b>		
– owned assets	(619)	(748)
<b>Operating lease charges</b>		
– land and buildings	(1,151)	(1,025)
– plant and machinery	(50)	(53)
<b>Auditor's remuneration</b>		
Audit Services	(106)	(107)
Non-audit services	(341)	(517)

### 6. Operating leases

FFP Services, a wholly-owned group company, has a 20 year lease with Cape Coral Limited in respect of premises located at 37 Dover Street and 13 Berkeley Street, London W1. The lease, which has five year break clauses commencing on 18 July 2010, has been guaranteed by Fleming Family & Partners Limited. The initial annual rental is £924,417 (2003: £860,912), payable quarterly in advance. The increase is due to additional office space being leased at 12 Berkeley Street, London W1. FFP Services has also entered into short term leases relating to office equipment.

	2004 £'000	2003 £'000
<b>Land and buildings</b>		
Within one year	33	188
In more than one year, but not more than five years	194	861
After five years	924	–
<b>Other</b>		
Within one year	–	14
In more than one year, but not more than five years	50	40
After five years	–	–
	<b>1,201</b>	<b>1,103</b>

The above amounts show annual lease charges.

## Notes to the financial statements for the year ended 31 March 2004

### 7. Directors' emoluments

	Group 2004 £'000	Group 2003 £'000
Aggregate emoluments	1,062	756
Pension contributions	22	1
	<b>1,084</b>	<b>757</b>
<b>Highest paid director</b>		
Emoluments	291	206
Pension contributions	21	1
	<b>312</b>	<b>207</b>

### 8. Employee information

The average monthly number of persons (including executive directors) employed by the Group during the period was 111 (2003: 97).

### 9. Employee Share Incentive Plan

The Group has an Inland Revenue approved share incentive plan (SIP). At the Balance Sheet date the total interest free loan to the SIP from the Group was £5,832 (2003: £5,832). During the year 33,000 shares matured leaving 550,200 shares which were retained by the trustees of the SIP (2003: 583,200). During the year a further 18,000 shares lapsed which left 532,200 shares that have been appropriated to the participants (2003: 577,200).

### 10. Interest payable and similar charges

	Group 2004 £'000	Group 2003 £'000
Interest payable on overdrafts and bank loans	(137)	(132)

## Notes to the financial statements for the year ended 31 March 2004

### 11. Taxation

	Group 2004 £'000	Group 2003 £'000
<b>Current tax:</b>		
Adjustments in respect of previous years	(59)	–
UK corporation tax on profits of the year	(1,291)	(752)
Relief for double taxation	–	57
Overseas taxation	(36)	(78)
<b>Total current tax</b>	<b>(1,386)</b>	<b>(773)</b>
<b>Deferred tax for the year (note 12)</b>	<b>45</b>	<b>(180)</b>
<b>Tax on profit on ordinary activities</b>	<b>(1,341)</b>	<b>(953)</b>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

Profit on ordinary activities before tax	4,196	5,575
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%.	1,259	1,673
Effects of:		
Prior year adjustments	59	–
Use of losses brought forward from earlier periods	(162)	(1,139)
Expenses not deductible	203	50
Depreciation in excess of capital allowances	8	40
Non-trade debits	(16)	–
Relief for double taxation	(1)	(57)
Overseas taxation	36	78
Income not subject to UK tax	–	(321)
Consolidation adjustments – overseas dividend income	–	315
Losses arising outside the UK	–	134
<b>Current tax charge</b>	<b>1,386</b>	<b>773</b>

The deferred tax asset of £465,000 (2003: £420,000) included in the Consolidated Group Balance Sheet reflects the amount of tax losses expected to be utilised in the immediate future and timing differences arising from depreciation of fixed assets.

## Notes to the financial statements for the year ended 31 March 2004

### 12. Deferred tax asset

	Group 2004 £'000	Group 2003 £'000
<b>Assets brought forward</b>	<b>420</b>	<b>600</b>
Prior year adjustment	–	122
Current year movement	45	(302)
<b>Deferred tax charge for the year</b>	<b>45</b>	<b>(180)</b>
<b>Deferred tax asset at 31 March 2004</b>	<b>465</b>	<b>420</b>

### 13. Dividends (thousands)

As at 31 March 2004 dividends of £1,371 (2003: £1,639) had accumulated in respect of the 8% Cumulative Preference Shares of 10 pence. Dividends on the Company's cumulative preference shares have been appropriated through the profit and loss account. It is the intention to pay the accumulated dividend to 31 March 2004 amounting to £1,371 on 31 July 2004. Accordingly this portion has been raised as a current liability.

### 14. Tangible assets

	Group				
	Motor Vehicles £'000	Furniture, Fixtures, Fittings & Other £'000	Computer Equipment £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>					
As at 1 April 2003	52	1,220	1,044	889	3,205
Additions	84	270	84	28	466
Disposals	(5)	(6)	(7)	–	(18)
<b>As at 31 March 2004</b>	<b>131</b>	<b>1,484</b>	<b>1,121</b>	<b>917</b>	<b>3,653</b>
<b>Accumulated depreciation</b>					
As at 1 April 2003	(11)	(435)	(936)	(504)	(1,886)
Charge for the period	(18)	(255)	(122)	(224)	(619)
<b>As at 31 March 2004</b>	<b>(29)</b>	<b>(690)</b>	<b>(1,058)</b>	<b>(728)</b>	<b>(2,505)</b>
<b>Net Book Value</b>					
As at 1 April 2003	41	785	108	385	1,319
<b>As at 31 March 2004</b>	<b>102</b>	<b>794</b>	<b>63</b>	<b>189</b>	<b>1,148</b>

# Notes to the financial statements for the year ended 31 March 2004

## 14. Tangible assets (continued)

	Company				
	Motor Vehicles £'000	Furniture, Fixtures, Fittings & Other £'000	Computer Equipment £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>					
As at 1 April 2003	5	6	7	–	18
Additions	–	–	–	–	–
Disposals	(5)	(6)	(7)	–	(18)
<b>As at 31 March 2004</b>	–	–	–	–	–
<b>Accumulated depreciation</b>					
As at 1 April 2003	(1)	(2)	(4)	–	(7)
Charge for the period	1	2	4	–	7
<b>As at 31 March 2004</b>	–	–	–	–	–
<b>Net Book Value</b>					
As at 1 April 2003	4	4	3	–	11
<b>As at 31 March 2004</b>	–	–	–	–	–

## 15. Investment in Group undertakings

	Company 2004 £'000	Company 2003 £'000
Fleming & Partners Limited	5,725	5,725
– FFP Services Limited *	–	–
FF&P Asset Management Limited	1,250	1,250
FF&P Advisory Limited	2,650	2,650
Fleming Family & Partners (Russia) Limited	750	55
FF&P Unit Trust Management Limited	500	2,500
FF&P Trustee Co. Limited	1,000	1,000
Fleming Family & Partners (Overseas) Limited (formerly FF&P UK Limited)	247	10
– FF&P Asset Management (Guernsey) Limited **	–	–
– FF&P Asset Management (Cayman) Limited **	–	–
– Fleming Family & Partners (Suisse) AG **	–	109
– Fleming Family & Partners (Liechtenstein) AG **	–	–
– Carelink Limited **	–	–

# Notes to the financial statements for the year ended 31 March 2004

## 15. Investment in Group undertakings (continued)

	Company 2004 £'000	Company 2003 £'000
FF&P Investments Limited	–	–
FF&P Guernsey Limited	–	–
Ely House Partnership Services Limited	1	–
Berkeley Street Partnership Services Limited ***	1	–
Dover Street Partnership Services Limited ***	1	–
FF&P Partnership Services Limited ***	1	–
FF&P Partnership Administration Services Limited ***	–	–
Ely House Partnership Administration Services Limited ***	–	–
FF&P Private Equity Limited ****	–	–
	<b>12,126</b>	<b>13,299</b>

The parent company's investments comprise shares in group companies and these have been valued at cost.

Fleming & Partners Limited, which is itself a wholly owned subsidiary of Fleming Family & Partners Limited, owns 100% of FFP Services Limited, which is incorporated in England & Wales.

\*\* Fleming Family & Partners (Overseas) Limited, which is a wholly-owned subsidiary of Fleming Family & Partners Limited, owns 100% of the following subsidiaries:

- FF&P Asset Management (Guernsey) Limited, which is incorporated in Guernsey.
- FF&P Cayman Limited, which is incorporated in the Cayman Islands. This subsidiary had not been capitalised at the balance sheet date.
- Fleming Family & Partners (Suisse) AG, which is incorporated in Switzerland.
- Fleming Family & Partners (Liechtenstein) AG, which is incorporated in Liechtenstein.
- Carelink Limited, which is incorporated in Cyprus.

\*\*\* The following subsidiaries were incorporated in January 2003 in the UK and are wholly owned subsidiaries of Fleming Family & Partners Limited:

- Berkeley Street Partnership Services Limited
- Dover Street Partnership Services Limited
- FF&P Partnership Services Limited
- FF&P Partnership Administration Services Limited
- Ely House Partnership Administration Services Limited

\*\*\*\* FF&P Private Equity Limited was incorporated in January 2004 in England and Wales.

All of the other group companies are wholly owned subsidiaries of Fleming Family & Partners Limited and are incorporated in England & Wales.

During the year Fleming Family & Partners (Suisse) AG was transferred by the Company to its subsidiary, Fleming Family & Partners (Overseas) Limited, at cost.



## Notes to the financial statements for the year ended 31 March 2004

### Reconciliation of investments in Group undertakings

	Company 2004 £'000	Company 2003 £'000
<b>Cost or valuation</b>		
As at 1 April 2003	13,299	12,190
Additions	936	1,109
Reductions*	(2,109)	—
<b>As at 31 March 2004</b>	<b>12,126</b>	<b>13,299</b>
<b>Provisions against investments</b>		
As at 1 April 2003	—	(5,210)
Decrease in provisions	—	5,210
<b>As at 31 March 2004</b>	<b>—</b>	<b>—</b>
<b>Net Book Value</b>		
As at 1 April 2003	13,299	6,980
<b>As at 31 March 2004</b>	<b>12,126</b>	<b>13,299</b>

\* During the year FF&P Unit Trust Management Limited obtained permission from the High Court to reduce its share capital by £2,000,000 which was returned to the Company. The Company also transferred 100% of its holding in Fleming Family & Partners (Suisse) Limited to another wholly-owned subsidiary, Fleming Family & Partners (Overseas) Limited.

# Notes to the financial statements for the year ended 31 March 2004

## 16. Investment in own shares in the Company and cash held by an employee benefit trust

	Group 2004 £'000	Group 2003 £'000
Own shares held by an employee benefit trust	341	341
Cash held by an employee benefit trust	89	89
	<b>430</b>	<b>430</b>

	Company 2004 £'000	Company 2003 £'000
Own shares held by an employee benefit trust	332	332
Cash held by an employee benefit trust	89	89
	<b>421</b>	<b>421</b>

The Company established the Employee Benefit Trust on 28 February 2002 for the benefit of employees and Directors of the Group.

## 17. Debtors

	Group 2004 £'000	Group 2003 £'000
Trade debtors – Related parties (note 25)	4,257	1,626
Trade debtors – Other	1,986	385
Other debtors	49	61
Prepayments and accrued income	3,641	2,451
	<b>9,933</b>	<b>4,523</b>

Prepayments and accrued income includes £178,595 for the lease paid in advance and £1,356,000 (£2003: £1,303,000) from a related party (note 25).

	Company 2004 £'000	Company 2003 £'000
Trade debtors	–	1
VAT debtor	–	25
Amounts owed by group undertakings	4,005	7
	<b>4,005</b>	<b>33</b>

Amounts owed by group undertakings, being intercompany loans, are unsecured, interest free and have no fixed dates of repayment.

## Notes to the financial statements for the year ended 31 March 2004

### 18. Creditors – amounts falling due within one year

	Group 2004 £'000	Group 2003 £'000
Trade creditors	(698)	(516)
Taxation and social security	(1)	(382)
Accruals and deferred income	(4,638)	(3,819)
Corporation tax	(179)	(720)
Dividends payable (note 13)	(1,371)	(956)
	<b>(6,887)</b>	<b>(6,393)</b>

	Company 2004 £'000	Company 2003 £'000
Amounts due to group undertakings	(726)	(315)
Accruals and deferred income	(26)	(19)
Dividends payable (note 13)	(1,371)	(956)
	<b>(2,123)</b>	<b>(1,290)</b>

Amounts owed to Group undertakings, being intercompany loans, are unsecured, interest free and have no fixed dates of repayment.

### 19. Creditors – amounts falling due after more than one year

	Group 2004 £'000	Group 2003 £'000
Subordinated loan from London & Lochside Investments Limited (note 25)	(1,000)	(1,000)

	Company 2004 £'000	Company 2003 £'000
Subordinated loan from London & Lochside Investments Limited (note 25)	(1,000)	(1,000)

## Notes to the financial statements for the year ended 31 March 2004

### 20. Called up share capital

	Group and Company 2004 £'000
<b>Authorised</b>	
414,000,000 ordinary shares of 1 pence each	4,140
85,560,000 cumulative preference shares of 10 pence each	8,556
	<b>12,696</b>
<b>Allotted and called up</b>	
Ordinary shares of 1 pence each, fully paid	
As at 1 April – 358,058,232	3,580
49,470,110 additional ordinary shares of 1 pence each, fully paid	495
Additions to the share premium account	989
85,560,000 8% cumulative preference shares of 10 pence each issued at par	8,556
	<b>13,620</b>

During the year the Company increased its authorised share capital by £540,000 by the creation of 54,000,000 ordinary shares of 1 pence each. On 30 September 2003, 49,470,110 ordinary shares of 1 pence were issued at 3 pence per share. On the same date £989,402 was credited to the share premium account.

The cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 8% per annum, payable half yearly in arrears on 31 January and 31 July. These shares are redeemable at par at any time at the Company's option but no later than 31 July 2006. On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. While the dividend is in arrears the holders have full voting rights.

# Notes to the financial statements for the year ended 31 March 2004

## 20. Called up share capital (continued)

	Group and Company 2003 £'000
<b>Authorised</b>	
360,000,000 ordinary shares of 1 pence each	3,600
85,560,000 cumulative preference shares of 10 pence each	8,556
	<b>12,156</b>
<b>Allotted and called up</b>	
Ordinary shares of 1 pence each, fully paid	
As at 1 April – 357,847,410	3,578
210,822 additional ordinary shares of 1 pence each, fully paid	2
85,560,000 8% cumulative preference shares of 10 pence each issued at par	8,556
	<b>12,136</b>

## 21. Reserves

Profit & Loss Account	Group 2004 £'000	Company 2004 £'000
At 1 April 2003	(3,324)	487
Retained profit for the financial year	2,171	287
Preference share appropriations (note 13)	(685)	(685)
As at 31 March 2004	(1,838)	89

The net profit and loss account appropriation for the year is £1,486,000 (2003: (£398,000)).

## Notes to the financial statements for the year ended 31 March 2004

### 22. Reconciliation of movements in shareholders' funds

	Group 2004 £'000	Company 2004 £'000
<b>Total shareholders' funds</b>		
Opening balance of shareholders' funds	8,812	12,623
Net proceeds of issue of equity shares	1,484	1,484
Profit and loss appropriation	1,486	(398)
<b>Closing shareholders' funds</b>	<b>11,782</b>	<b>13,709</b>
<b>Shareholders' funds allocated to non-equity</b>		
Preference shares	8,556	8,556
	<b>8,556</b>	<b>8,556</b>
<b>Shareholders' funds allocated to equity</b>		
Opening balance: Equity shares	(429)	3,382
Net proceeds of issue of equity shares	1,484	1,484
Profit and loss account appropriation	1,486	(398)
Dividend due to non-equity shareholders (2003 – 04 movement)	685	685
	<b>3,266</b>	<b>5,153</b>
<b>Closing Shareholders' funds</b>	<b>11,782</b>	<b>13,709</b>

### 23. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2004.

### 24. Pensions

During the year, the Group made total contributions of £611,000 (2003: £473,000) to the FF&P Group personal pension plan and individual executive pension plans which are defined contribution schemes.

The Group also made payments of £23,450 (2003: £38,000) to a personal pension scheme in Switzerland which is a defined contribution scheme.

## Notes to the financial statements for the year ended 31 March 2004

### 25. Related party disclosures

The company takes advantage of FRS8, which exempts it from disclosing related party transactions where the related party is part of the Fleming Family & Partners Group or is an investor in the Group.

#### **The Fleming-Wyfold Art Foundation ("The Foundation")**

Certain directors and employees of the Group are trustees of the Foundation. The Foundation occupies space in the Group's main office, for which it pays a commercial rent. In addition, the Group has seconded personnel to work for the Foundation and has incurred costs on its behalf for which the Group is reimbursed in full. Conversely, the Foundation charges the Group for the loan and insurance of various artworks and antique clocks used within its premises.

#### **Ian Fleming Publications Limited ("IFPL")/James Bond Enterprises Limited ("JBE")**

Certain directors and employees of the Group are also directors of IFPL and JBE and these companies are owned and controlled by members of the Fleming family, who are also clients of RF Trustee Co. Limited (see below). The companies, at present, occupy space at the Group's main office and, in addition, the Group provides services to these companies (including accounting and administration support).

#### **JPMorgan Chase Group ("JPMorgan Chase")**

Lord Renwick (Deputy Chairman of the Group) is currently Vice Chairman of Investment Banking at JPMorgan Chase. The Group has numerous commercial relationships with JPMorgan Chase principally relating to banking, custodian and valuation/administration services provided to the Group and its clients. Group companies pay fees to JPMorgan Chase in respect of sub-fund management services and a "trail fee" is also payable in respect of funds that rolled into an Authorised Unit Trust that is now managed by the Group but was previously managed by JPMorgan Chase.

#### **London & Lochside Investments Limited ("London & Lochside")/L&L Media Limited ("L&L Media")**

London & Lochside, which is primarily owned by trust clients of RF Trustee Co. Ltd ("RFT"), is a small shareholder in the Group. Certain directors of RFT and the Group are also directors of London & Lochside. London & Lochside has made available to the Group a £3,000,000 Subordinated Loan facility. The loan, which is unsecured, is repayable in full on 1 April 2008 and bears interest quarterly at a rate of (a) 2.75% over three months Sterling LIBOR on any drawn balances, and (b) 0.5% on any undrawn balances. As at 31 March 2004 £1,000,000 had been drawn down against this facility.

London & Lochside is a client of the Group's UK Advisory operation and paid the Group fees of £187,500 in the year ended March 2004 (2003: nil).

## Notes to the financial statements for the year ended 31 March 2004

In addition, London & Lochside reimbursed expenses of £221,500 (2003: £86,000) incurred by the Group on its behalf.

Certain directors of L&L Media are also directors/employees of the Group. L&L Media reimbursed £72,000 (2003: nil) of expenses incurred by the Group on its behalf.

### **RF Trustee Co. Limited/RF Trustee (Holdings) Limited ("Holdings")**

Certain directors of RFT and of Holdings are also directors and/or employees of the Group. RFT is a core contracting party with the Group and accounts for a significant proportion of the income that the Group receives from its asset management and trust services operations. RFT occupies space within the Group's main offices. Any costs and expenses incurred by the Group on RFT's behalf have been reimbursed.

### **Highland Star Investments Limited/Highland African Mining Company Limited/Highland Gold Mining Limited/High Tops Gold Limited**

The Group has provided services to, or been reimbursed expenses incurred on behalf of these companies whose shareholders include discretionary trusts, of which one of the Directors is a beneficiary.

Highland Gold Mining Limited and High Tops Gold Limited are clients of the Group's UK Advisory operation and paid the Group fees of £2,802,000 (2003: £7,095,000) in the year ended March 2004.

In addition these companies reimbursed expenses of £43,000 (2003: £1,460,000) incurred by the Group on their behalf.

### **Fleming Media Group Limited ("FMG")**

Certain directors and employees of the Group are also directors of FMG.



## Notes to the financial statements for the year ended 31 March 2004

	Amounts payable by the Group £'000	Group – 2004 Amounts receivable by the Group £'000	Balance due to Group as at 31 March 2004 £'000
Fleming Media Group Limited	50	4	–
The Fleming-Wyfold Art Foundation	40	253	2
Ian Fleming Publications Limited	5	9	–
High Tops Gold Limited	–	2,520	3,970
Highland African Mining Limited	–	42	3
Highland Gold Mining Limited	–	325	1
Highland Star Investments Limited	–	2,400	281
JPMorgan Chase Group	317	–	–
London & Lochside Investments Limited	–	409	–
RF Trustee Co. Limited	1,712	5,679	1,356
L&L Media Limited	–	72	–
	<b>2,124</b>	<b>11,713</b>	<b>5,613</b>