Lenlyn Holdings plc

2004

Report and Financial statements

Company Registration No. 2864058

LENLYN HOLDINGS PLC

Report and Financial Statements

29 February 2004

Deloitte & Touche LLP
London

LENLYN HOLDINGS PLC

REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Z G Tejani
F G Tejani
N G Tejani
H G Tejani
T Johnson
A Miles

SECRETARY

M McDonald

REGISTERED OFFICE

Albany Court Yard
47 - 48 Piccadilly
London
W1J 0LR

BANKERS

Barclays Bank PLC
50 Pall Mall
London
SW1A 1QB

SOLICITORS

Stringer Saul
17 Hanover Square
London
W1S 1HU

AUDITORS

Deloitte & Touche LLP
London

CHAIRMAN'S STATEMENT

As reported in our last year's accounts, we have seen during the year ending 29th February 2004 a reduction in our trading due to world-wide events outside our control.

However, during the past twelve months we have made excellent progress in restructuring and have completed the purchase of two very important businesses.

Firstly, after extensive negotiations we have acquired a UK-registered private bank, R Raphael & Sons Plc ("Raphael"). Originally formed in London in 1787, Raphael is one of the oldest banking houses in the UK and the Board of Lenlyn are justifiably proud of obtaining approval from the Financial Services Authority for this acquisition. We intend to maintain the bank's long tradition of providing high quality banking services while at the same time introducing an expanded range of products and services, to enable it to compete ever more effectively in today's markets.

Secondly, we purchased Southern Finance Company Ltd, a privately owned finance company established in 1957. This acquisition consolidated our position in the consumer finance market where the Group has had a presence for a number of years through its subsidiary, Hoopoe Finance Limited. We anticipate considerable growth for this part of the Group's business over the medium term and for it to make an increasing contribution to overall profitability.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 29 February 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The activities of the company and its subsidiaries during the year under review included the operation of retail and wholesale foreign exchange, a shared operation with American Express in Spain and other related activities throughout Europe, North America, Australia and India. In addition, the group's business encompasses consumer credit finance, including hire purchase and personal loans, leasing, trade finance and freehold property investment in the United Kingdom. The directors consider the results and the state of affairs to be satisfactory and expect the group's business will continue to develop.

RESULTS AND DIVIDENDS

The consolidated result for the year after taxation amounted to a profit of £338,708 (2003 - £3,764,627). The directors declared an interim dividend of £100,000 (2003 - £1,000,000) and recommend a final dividend of £650,000 (2003 - £500,000).

FUTURE PROSPECTS

The Group continues to diversify its operations and completed the acquisition of a private bank under a licence from the Financial Services Authority and a consumer finance company, which complements the existing activities within the financial services division of the Group.

The company intends to continue its expansion of the white label business and has increased its market share in the current year. The Group has introduced a new corporate logo which has enhanced its corporate image and increased customer awareness of its range of products and services.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served throughout the year, except as noted below, and their beneficial interests in the issued ordinary share capital of the company were as follows:

	Ordinary shares of £1 each	
	2004	**2003**
Z G Tejani	2,287,200	2,287,200
F G Tejani	2,287,200	2,287,200
N G Tejani	2,287,200	2,287,200
H G Tejani	2,287,200	2,287,200
T Johnson	-	-
A Miles	-	-
R J C Collier (resigned 5 April 2004)	-	-
	9,148,800	9,148,800

A Miles is a non-executive director.

PAYMENT OF CREDITORS

It is the company's policy to pay suppliers in accordance with the terms of payment agreed with the supplier when the terms of the transaction were agreed. Creditor days are 19 days (2003 - 19 days).

DONATIONS

During the year the group made charitable donations of £14,838 (2003 - £676).

DIRECTORS' REPORT (continued)

EMPLOYEES

The involvement of employees in the performance of the company is encouraged through a variety of bonus schemes.

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. The company aims to continue to employ and to train employees who become disabled. The company also provides a range of training, career development and promotion opportunities for both able-bodied and disabled employees.

Approved by the Board of Directors
and signed on behalf of the Board

F.Tejani

29 July 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the 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 company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENLYN HOLDINGS PLC

We have audited the financial statements of Lenlyn Holdings PLC for the year ended 29 February 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheets, the cashflow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report 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 with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 circumstances of the company and of the group, 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 29 February 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

29 July 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 29 February 2004

	Note	2004 £	2003 £
TURNOVER		746,400,709	641,961,220
Cost of sales		(732,842,261)	(621,683,450)
GROSS PROFIT		13,558,448	20,277,770
Administrative expenses		(12,831,766)	(14,652,985)
Other operating income		1,044,618	1,048,000
OPERATING PROFIT	5	1,771,300	6,672,785
Interest receivable and similar income		46,908	571,187
Investment expenses		-	(28,170)
Interest payable and similar charges	6	(1,179,543)	(1,090,105)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		638,665	6,125,697
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(299,957)	(2,361,070)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	338,708	3,764,627
Dividends	8	(750,000)	(1,500,000)
Retained (loss)/profit transferred (from)/to reserves		(411,292)	2,264,627

There is no material difference between the profit on ordinary activities stated above and its historical equivalent.

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 29 February 2004

	Note	2004 £	2003 £
Profit for the year		338,708	3,764,627
Difference on translation of opening net assets of foreign subsidiaries		(1,051,262)	(182,571)
Total recognised gains and losses for the year		(712,554)	3,582,056

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 29 February 2004

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Profit for the year	338,708	3,764,627	599,822	1,452,682
Dividends	(750,000)	(1,500,000)	(750,000)	(1,500,000)
	(411,292)	2,264,627	(150,178)	(47,318)
Shares issued during the year	-	77	-	800,596
Other recognised gains and losses	(1,051,262)	(182,571)	-	-
Net (reduction in)/additions to shareholders' funds	(1,462,554)	2,082,133	(150,178)	753,278
Opening shareholders' funds	31,955,280	29,873,147	11,784,904	11,031,626
Closing shareholders' funds	30,492,726	31,955,280	11,634,726	11,784,904

CONSOLIDATED BALANCE SHEET
29 February 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible fixed assets	9	25,070,302	23,403,991
CURRENT ASSETS			
Stock		367,254	287,553
Debtors: amounts falling due after more than one year	11	5,286,307	4,588,677
Debtors: amounts falling due within one year	11	16,828,360	13,830,281
Cash at bank and in hand		24,025,654	23,121,100
		46,507,575	41,827,611
CREDITORS: amounts falling due within one year	12	(24,628,102)	(19,873,299)
NET CURRENT ASSETS		21,879,473	21,954,312
TOTAL ASSETS LESS CURRENT LIABILITIES		46,949,775	45,358,303
CREDITORS: amounts falling due after more than one year	13	(16,457,049)	(13,403,023)
NET ASSETS		30,492,726	31,955,280
CAPITAL AND RESERVES			
Called up share capital	15	11,436,000	11,436,000
Revaluation reserve	16	3,132,390	3,132,390
Profit and loss account	16	16,474,855	17,937,409
Merger reserve	16	(550,519)	(550,519)
EQUITY SHAREHOLDERS' FUNDS		30,492,726	31,955,280

These financial statements were approved by the Board of Directors on 29 July 2004.

Signed on behalf of the Board of Directors

F. Tejani

Director

COMPANY BALANCE SHEET
29 February 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Investments	10	14,378,917	14,378,917
CURRENT ASSETS			
Debtors	11	1,616,565	1,101,421
Cash at bank and in hand		12,092	6,878
		1,628,657	1,108,299
CREDITORS: amounts falling due within one year	12	(4,372,848)	(3,702,312)
NET CURRENT LIABILITIES		(2,744,191)	(2,594,013)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,634,726	11,784,904
CAPITAL AND RESERVES			
Called up share capital	15	11,436,000	11,436,000
Profit and loss account	16	198,726	348,904
EQUITY SHAREHOLDERS' FUNDS		11,634,726	11,784,904

These financial statements were approved by the Board of Directors on 29 July 2004.

Signed on behalf of the Board of Directors

F.Tejani

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 29 February 2004

	Note	2004 £	2003 £
Cash inflow from operating activities	20	2,918,116	5,399,811
Returns on investments and servicing of finance			
Investment expense		-	(28,170)
Interest received		46,908	571,187
Interest paid		(1,179,543)	(1,090,105)
Net cash outflow from returns on investments and servicing of finance		(1,132,635)	(547,088)
Taxation			
Tax paid		(2,341,580)	(679,287)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,892,988)	(9,427,909)
Proceeds from termination of joint ventures		-	714,481
Proceeds on sale of tangible fixed assets		-	299,360
Net cash outflow from capital expenditure and financial investment		(3,892,988)	(8,414,068)
Equity dividends paid			
Dividend paid		(606,039)	(947,927)
Cash outflow before financing		(5,055,126)	(5,188,559)
Financing			
Increase in debt		5,959,680	7,820,456
Increase in cash in the year	21	904,554	2,631,897

Reconciliation of net cash flow to movement in net funds

	Note	2004 £	2003 £
Increase in cash in the year		904,554	2,631,897
Cash inflow from increase in debt		(5,959,680)	(7,820,456)
Change in net funds resulting from cash flows		(5,055,126)	(5,188,559)
Movement in net funds in the year		(5,055,126)	(5,188,559)
Net funds at 1 March		2,671,605	7,860,164
Net funds at 29 February	21	(2,383,521)	2,671,605

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies which have been applied are set out below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to the last day of February each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Unless otherwise stated, the acquisition method of accounting has been adopted.

Turnover

Turnover represents sales of foreign currency, travellers cheques and other related products, commission receivable, rental income from investment properties and interest income from financing activities.

Cost of sales

Cost of sales represents the cost of purchasing foreign currency, direct selling costs, financing costs and holding gains and losses on foreign currency.

Tangible fixed assets

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

Leasehold property	Over the period of the lease on a straight line basis
Fixtures, fittings and equipment	20% on a reducing balance basis
Motor vehicles	20% on a reducing balance basis

Freehold property is not depreciated as, in the opinion of the directors, the estimated remaining useful economic life of the tangible fixed asset exceeds 50 years. The freehold property is reviewed for impairment, in accordance with FRS11, at the end of each reporting period.

Freehold investment properties

In accordance with SSAP 19, investment properties are revalued annually to their open market value at the balance sheet date, and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are held for their investment potential, to depreciate them would not give a true and fair view. For that reason it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made depreciation would have been charged in the profit and loss account. The effect of this cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and it cannot be separately identified.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

1. ACCOUNTING POLICIES (continued)

'Key money' leasehold property

In accordance with the alternative accounting rules, the premiums paid on leasehold property 'key money' held in France are held at directors' valuation and depreciated at 10% on a straight-line basis. Any impairment in value is charged to the profit and loss account. Temporary diminutions and unrealised gains are charged to the statement of total recognised gains and losses.

Pension scheme

The group operates a defined contribution pension scheme. The pension charge to the profit and loss account represents contributions payable to the scheme in the year.

Leased assets

Rental costs of assets held under operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

The accounts of overseas branches and subsidiaries are translated at the exchange rates ruling at the balance sheet date. The exchange differences arising on the translation of opening net assets are taken directly to reserves.

Loans and advances

i) Instalment finance agreements

Income from instalment finance agreements, after making a deduction for initial expenses, is credited to the profit and loss account using the sum of digits method. Balances are stated in the balance sheet net of unearned charges.

ii) Bad debts

Loans and advances are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their expected realisable value. General provisions are made on the basis of past experience, current economic conditions and other relevant factors, to provide for losses not yet specifically identified.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash at bank and in hand

Foreign currencies and foreign traveller's cheques are included in cash at bank and in hand and are valued at their estimated net realisable value based on foreign exchange rates ruling at the year end.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

2. SEGMENTAL REPORTING

A geographical analysis of turnover and profit has not been included in the accounts as in the opinion of the directors it would be seriously prejudicial to the interests of the group.

3. STAFF COSTS

	2004 £	2003 £
Wages and salaries	18,151,495	16,785,338
Social security costs	2,164,042	2,025,946
Other pension costs	851,397	455,272
	21,166,934	19,266,556

The average weekly number of persons employed by the group in the year was as follows:

	No.	No.
Administration/operations	157	125
Bureaux staff	926	924
	1,083	1,049

4. DIRECTORS' EMOLUMENTS

	2004 £	2003 £
Directors' emoluments (excluding pension contributions and awards under share option schemes and other long term incentive schemes)	1,424,578	1,028,765
Remuneration of the highest paid director (excluding pension contributions and awards under other share option schemes and other long term incentive schemes)	156,165	174,044
Company contributions paid to the pension scheme in respect of directors	639,580	211,874

Company contributions to the pension scheme in respect of the highest paid director were £150,000 (2003 - £50,000).

Four (2003 - four) of the directors were members of the defined contribution pension scheme during the year.

None of the directors is a member of share option schemes or long-term incentive schemes in respect of services to the company.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

5. OPERATING PROFIT

	2004	2003
	£	£
Operating profit is after crediting:		
Rent receivable	342,641	342,948
Unrealised foreign exchange profit	384,823	-
and after charging:		
Depreciation of tangible fixed assets	1,811,401	1,807,604
Rental costs of operating leases	17,209,399	13,321,318
Goodwill written-off	-	200,000
Unrealised foreign exchange loss	-	454,863
Auditors' remuneration:		
For audit	315,156	255,251
For non-audit services	246,031	192,701

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
On bank loans and overdrafts	1,005,938	949,832
Bank charges	173,605	140,273
	1,179,543	1,090,105

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
The charge for taxation is as follows:		
United Kingdom corporation tax at 30% (2003 – 30%)	(1,006,117)	(1,618,368)
Adjustment in respect of prior years	231,842	20,049
Double taxation relief	235,569	428,544
	(538,706)	(1,169,775)
Current period overseas taxation	(41,917)	(1,077,282)
	(580,623)	(2,247,057)
Deferred taxation	-	(114,013)
Timing differences	213,332	-
Adjustments in respect of prior years	67,334	-
	(299,957)	(2,361,070)

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	638,665	6,125,698
Tax at 30% thereon (2003: 30%)	(191,600)	(1,837,710)
Plus/(less) the effects of:		
Expenses not deductible for tax purposes	(156,988)	(293,028)
Capital allowances in excess of depreciation	(173,441)	64,398
Utilisation of tax losses	7,850	-
Movement in short term timing differences	(4,431)	33,050
Differences in overseas tax rates	(28,969)	(62,703)
Overseas tax losses not recognised	(264,953)	(3,100)
Unrelieved foreign taxes	-	(17,243)
Profits taxed at UK zero rate	67	(150,770)
Prior year adjustments	231,842	20,049
	(580,623)	(2,247,057)

8. DIVIDENDS

In March 2003, an interim dividend of £100,000 (2003: £1,000,000) was proposed and final dividend of £650,000 (2003: £500,000) was proposed.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

9. TANGIBLE FIXED ASSETS - GROUP

	Freehold investment properties £	Freehold property £	Leaseholds £	Key money £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost							
At 1 March 2003	10,002,539	7,000,000	2,598,499	1,459,531	12,859,476	74,616	33,994,661
Exchange difference	-	-	(184,984)	-	(247,271)	(7,089)	(439,344)
Additions	1,058,555	-	90,163	294,628	2,449,642	-	3,892,988
Disposals	-	-	-	(153,102)	(381,391)	-	(534,493)
At 29 February 2004	11,061,094	7,000,000	2,503,678	1,601,057	14,680,456	67,527	36,913,812
Accumulated depreciation							
At 1 March 2003	-	-	1,888,440	259,691	8,390,182	52,357	10,590,670
Exchange difference	-	-	(114,711)	-	(179,109)	(4,830)	(298,650)
Charge for the year	-	-	227,988	29,435	1,551,926	2,052	1,811,401
Disposals	-	-	(2,535)	(109,157)	(148,219)	-	(259,911)
At 29 February 2004	-	-	1,999,182	179,969	9,614,780	49,579	11,843,510
Net book value							
At 29 February 2004	11,061,094	7,000,000	504,496	1,421,088	5,065,676	17,948	25,070,302
At 28 February 2003	10,002,539	7,000,000	710,059	1,199,840	4,469,294	22,259	23,403,991

The freehold property, investment properties and key money are held at valuation. These were valued at the 29 February 2004 by the directors. Since the balance sheet date, two of the investment properties were sold for £1,440,000 realising a profit on disposal of £4,539 (Note 23). In the opinion of the directors, the market value of the remaining properties had not changed materially since the prior year valuation.

At 29 February 2004, the historic cost of the investment properties was £9,447,613 and £3,925,374 for the freehold property.

The net book value of leaseholds comprises:

	2004 £	2003 £
Long leaseholds	57,531	70,390
Short leaseholds	446,965	639,669
	504,496	710,059

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

10. FIXED ASSET INVESTMENTS - COMPANY

	2004	2003
	£	£
Cost		
At 1 March	14,378,917	13,578,398
Additions during the year (see below)	-	800,519
At 29 and 28 February	14,378,917	14,378,917

The company owns the whole of the equity of the following subsidiaries which are incorporated in Great Britain and registered in England and Wales:

	Principal Activities
Lenlyn UK Limited	Retail and wholesale bureaux de change and investment properties.
Lenlyn Limited*	Retail and wholesale bureaux de change.
Exchange Corporation (Europe) Limited	Investment holding.
Hoopoe Investments Limited	Investment holding.
Hoopoe Finance Limited*	Leasing, hire-purchase and related activities.
Merchant Trade Finance Limited*	Trade Finance.
Merchant Commercial Finance Limited*	Consumer Finance.
International Currency Exchange PLC	Retail and wholesale bureaux de change and related activities.
International Currency Exchange (Europe) Limited*	Bureaux de change and related activities.
ICE Properties Limited*	Management of a hotel.
Travelcare Services Limited*	Insurance and travel related services.

The company also owns the whole of the equity of the following subsidiaries which are incorporated and registered in the country as indicated in accordance with local regulations.

	Principal Activities
Exchange Corporation Netherlands BV* Limited (Netherlands)	}
Exchange Corporation Canada INC.* (Canada)	}
International Currency Exchange (France) S,A,R.L*	}
Exchange Corporation Spain SA* (Spain) (Dormant)	} Retail bureaux de change
International Currency Services Australia Pty Limited*(Australia)	}
Obchodne - Financni Spoelecnost Spol s.r.o* (Czech Republic)	}
East West Corporation s.ro.* (Czech Rebublic)	
International Exchange (INTEX) GmbH* (Germany)	}
Bristol Investments Limited* (Mauritius)	}
Erudite Forex Dealers PVT Limited* (India)	}
Currency Express Sp. Zoo * (Poland)	}

* Indirect shareholding

Exchange Corporation Spain S.A., a subsidiary, has not been included within the consolidation of Lenlyn Holdings PLC as the individual entity has immaterial balances for the year ended 29 February 2004.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

11. DEBTORS

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Amounts falling due after more than one year:				
Loans and advances	5,286,307	-	4,588,677	-
Amounts falling due within one year:				
Trade debtors	178,473	-	399,176	-
Loans and advances	5,999,548	-	5,543,446	-
Amounts owed by group undertaking	-	1,610,269	-	966,565
Other debtors	6,918,693	6,296	4,409,900	-
Prepayments and accrued income	2,527,841	-	3,128,921	-
Corporation tax recoverable	365,109	-	61,174	-
Deferred tax asset (see note 14)	838,696	-	287,664	-
Group relief receivable	-	-	-	134,856
	16,828,360	1,616,565	13,830,281	1,101,421
	22,114,667	1,616,565	18,418,958	1,101,421

Included in the group's prepayments and accrued income in the prior year was £303,423 (Note 14).representing deferred tax asset.

Included in loans and advances are the following net amounts receivable under finance leases and hire purchase agreements before deducting any provision for doubtful debts.

	2004 £	2003 £
Finance leases	2,745,317	2,811,421
Hire purchase agreements	6,260,920	5,477,781

The aggregate rentals received during the year in respect of finance leases and hire purchase agreements amounted to:

	2004 £	2003 £
Finance leases	1,893,240	1,380,778
Hire purchase agreements	4,601,420	4,791,197

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

11. DEBTORS (continued)

The cost of assets acquired during the year for the purpose of letting under finance leases and hire purchase agreements amounted to:

	2004	2003
	£	£
Finance leases	1,578,792	2,212,222
Hire purchase agreements	6,401,849	4,481,891

Loans and advances are stated net of any provision for doubtful debts. The movement in the provision for doubtful debts is stated below.

	2004	2003
	£	£
At 1 March	512,644	59,685
Increase in provision	400,327	452,959
Release of provision	(537,282)	-
At 29 and 28 February	375,689	512,644

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004	Company 2004	Group 2003	Company 2003
	£	£	£	£
Bank loans and overdrafts	9,952,126	-	7,046,472	-
Trade creditors	558,630	-	1,742,108	-
Amounts owed to group undertakings	-	3,739,222	-	3,212,647
Corporation tax	1,341,823	-	2,528,479	-
Other taxation and social security	614,521	-	413,210	-
Other creditors	9,588,979	626,576	4,758,709	482,615
Accruals and deferred income	2,572,023	7,050	3,384,321	7,050
	24,628,102	4,372,848	19,873,299	3,702,312

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £	Group 2003 £
Bank loans	13,457,049	13,403,023
Other loan	3,000,000	-
	16,457,049	13,403,023

The bank loans are secured by way of fixed charges over the assets of the company. The £3,000,000 loan is a loan from the Lenlyn UK Limited Executive pension scheme (Note 22), a related party as shareholders of the company are the sole beneficiaries of the pension scheme, and is secured by a charge over the assets of a subsidiary company. Interest is charged at 1.5% over the Bank of England base rate.

	Group 2004 £	Group 2003 £
Repayable as follows		
Between one and two years	2,044,677	1,878,280
Between two and five years	8,602,470	6,722,231
Over five years	5,809,902	4,802,512
	16,457,049	13,403,023

Repayable by instalments wholly or partly in more than five years:	Group 2004 £	Group 2003 £
Floating rate secured loan repayable by quarterly instalments of £13,888 from 17 August 2004	13,910	69,466
Floating rate secured loan repayable by quarterly instalments of £25,000 from 16 July 2004	-	75,000
Floating rate secured loan repayable by quarterly instalments of £36,516 from 16 October 2003	1,538,522	1,734,586
Floating rate secured loan repayable by quarterly instalments of £100,000 from 31 March 2005	152,883	470,754
Floating rate secured loan repayable by quarterly instalments of £100,000 from 31 March 2005	426,111	465,266
Floating rate secured loan repayable by monthly instalments of £13,333 commencing on 1 August 2006	160,000	-
Floating rate secured loan repayable by quarterly instalments of £123,460 from May 2007	1,643,476	1,987,440
Floating rate loan secured repayable by equal monthly instalments of £31,250 commencing 11 March 2009	1,875,000	-
	5,809,902	4,802,512

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

14. DEFERRED TAXATION

	Group 2004 £	Group 2003 £
At 1 March	(287,664)	(401,677)
Charge/(credit) to profit and loss	(280,666)	114,013
Foreign exchange translations	33,057	-
Prior year balance included in prepayments (Note 11)	(303,423)	-
At 29 and 28 February (Note 11)	(838,696)	(287,664)
Analysis of deferred tax balance:		
Capital allowances in excess of depreciation	(573,244)	(230,184)
Short term timing differences	(265,452)	(57,480)
	(838,696)	(287,664)

Deferred tax assets have been recognised, the recoverability of which is dependent upon future taxable profits in excess of those arising from the reversal of deferred tax liabilities.

15. CALLED UP SHARE CAPITAL

	Group and Company 2004 £	Group and Company 2003 £
Authorised:		
30,000,000 ordinary shares of £1 each	30,000,000	30,000,000
Allotted, called up and fully paid:		
11,436,000 ordinary shares of £1 each	11,436,000	10,635,404
Ordinary shares at £1 each (issued and exchanged for shares in ICE PLC on 4 September 2002)	-	800,519
	11,436,000	11,435,923
Allotted, called up and unpaid		
Ordinary shares of £1 each issued on 4 November 2002	-	77
As at 29 and 28 February	11,436,000	11,436,000

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

16. STATEMENT OF MOVEMENT ON RESERVES

GROUP

	Revaluation reserve £	Merger reserve £	Profit and loss account £	Group Total £
As at 1 March 2003	3,132,390	(550,519)	17,937,409	20,519,280
Profit for the financial year	-	-	339,708	338,708
Difference on translation of opening net assets of foreign subsidiaries	-	-	(1,051,262)	(1,051,262)
Dividend	-	-	(750,000)	(750,000)
As at 29 February 2004	3,132,390	(550,519)	16,474,855	19,056,726

Merger reserve arose as a result of merger accounting for the acquisition of International Currency Exchange PLC. On 4 September 2002, the company issued 800,519 £1 ordinary shares to exchange for 250,000 £1 ordinary shares (the entire share capital) in International Currency Exchange PLC. As a result a merger reserve of £550,519 is realised.

COMPANY

	Profit and loss account £
As at 1 March 2003	348,904
Profit for the financial year	599,822
Dividend	(750,000)
As at 29 February 2004	198,726

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

17. LEASE COMMITMENTS

	Group Leaseholds 2004 £	Group Leaseholds 2003 £
Operating leases which expire:		
Within one year	15,603,069	9,863,880
Within two to five years	37,793,092	14,468,728
In more than five years	2,177,908	379,950
	55,574,069	24,712,558

The lease commitments all relate to land and buildings rentals.

The Los Angeles branch is operating under a five-year concession agreement with the Los Angeles Department of Airports, which commenced on 4 January 2004. The agreement includes a maximum of five one year extensions by the Board of Airport Commissioners. As part of the concession agreement, the Branch has committed to an escalating minimum guarantee ranging from US$6,500,000 to $6,900,000 per year for a total of US$ 26,700,000 over the four year period beginning after one year from the effective date of the agreement in January 2005. The Miami Branch concession is under a month by month agreement. The Honolulu concession is determined annually based on the greater of the minimum annual guaranteed rent or a percentage rent; the future minimum annual concession payments for the Honolulu branch have been determined based on the minimum annual guaranteed rent calculated as 85% of the actual rent paid for the preceding year. The other remaining branches have long-term concession agreements (the last agreement expiring in December 2008) which call for minimum annual payments or volume based incremental payments. It is not anticipated that the incremental payments for these smaller branches will be significant.

18. PENSIONS

The group operates a defined contribution pension scheme for the directors who own shares in the company. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are also made into employees' personal pension schemes.

The pension cost charge represents contributions payable to the group fund and personal pension schemes and amounted to £851,397 (2003 - £455,272).

19. PROFIT OF THE COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £599,822 (2003 – profit £1,452,682).

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

20. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS - GROUP

	2004 £	2003 £
Operating profit	1,771,300	6,672,785
Amortisation credit	-	(85,195)
Depreciation charges	1,811,401	1,807,604
Loss on disposal of fixed assets	274,582	-
Increase in debtors	(2,840,742)	(2,697,528)
Increase in creditors	2,891,844	95,694
Increase in stock	(79,701)	(101,807)
Exchange loss on translation of reserves	(1,051,262)	(182,571)
Exchange differences on foreign currency translation	140,694	(109,171)
Net cash inflow from operating activities	2,918,116	5,399,811

21. ANALYSIS OF NET FUNDS - GROUP

	At 1 March 2003 £	Cash flow £	At 29 February 2004 £
Cash at bank and in hand	23,121,100	904,554	24,025,654
Debt due after one year	(13,403,023)	(3,054,026)	(16,457,049)
Debt due within one year	(7,046,472)	(2,905,654)	(9,952,126)
	(20,449,495)	(5,959,680)	(26,409,175)
Total	2,671,605	(5,055,126)	(2,383,521)

22. RELATED PARTY TRANSACTIONS

Controlling parties

The company is controlled by its shareholders, who are also directors, as shown in the directors' report.

Related parties

In accordance with FRS 8 paragraph 3, the company has taken advantage of the exemption for subsidiary undertakings from disclosing transactions with other group companies qualifying as related parties.

Lenlyn Limited Executive Pension Scheme

A defined contribution pension scheme is operated for the benefit of the shareholding directors. Contributions to the pension scheme do not require disclosure under Financial Reporting Standard 8: Related Party Disclosures. During the year, the group had borrowed £3,000,000 (Note 13) from the pension scheme.

Montreal Currency Exchange

Montreal Currency Exchange is subject to common control. As at 29 February 2004, a balance of £582,040 (2003 - £582,040) was owed to Lenlyn UK Limited, a fully owned subsidiary of Lenlyn Holdings PLC, by Montreal Currency Exchange. The maximum amount subsisting during the year was £582,040. Interest is chargeable on this amount at commercial rates.

NOTES TO THE ACCOUNTS
Year ended 29 February 2004

23. SUBSEQUENT EVENTS

In March 2004, the company acquired a private bank, R Raphael & Sons plc for £6.7m, authorised to take deposits by the United Kingdom Financial Services Authority. In addition, in May 2004, the company acquired a consumer finance company, Southern Finance Limited for £10.3m which complements the existing activities of the group.

On 3 June 2004, a subsidiary company exchanged contracts to sell the hotel property for a consideration of £6.8m. The sale is expected to be completed by the end of September 2004. The directors have also decided to liquidate the portfolio of freehold investment properties of the group as part of its strategy to concentrate on the financial services sector.