Lenlyn Holdings plc

2005

Report and Financial statements

Company Registration No. 2864058

LENLYN HOLDINGS PLC

Report and Financial Statements

28 February 2005

LENLYN HOLDINGS PLC

REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

HONORARY PRESIDENT

G D Tejani

DIRECTORS

A Miles (Chairman)
Z G Tejani
F G Tejani
N G Tejani
H G Tejani
T Johnson

SECRETARY

A P White

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

This has been a most interesting year. Trading in our core business has continued to improve and we are pleased to report an expansion in our network with new branches opening in existing territories and also in areas in which we have never before been represented.

During the year we reviewed our overall trading position resulting in the closure of unprofitable branches and the refurbishment of those reporting a profit with a resultant increased turnover. The roll-out of our new branding continues into the new financial year.

Much time and effort has been put into the introduction of new products, in particular Cash2Go, a pre-paid card, which we believe, will ultimately replace Travellers Cheques. Our Financial Services division is also expanding and again much work is being carried out to introduce new products and to expand the areas in which we operate.

These are exciting times and we wish to thank all members of our Group for their enthusiasm and hard work. Clearly, through the quality and dedication of our staff we are able to expand and ensure a sound future for all of us.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2005.

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 bureaux de change, 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 banking and related financial services, 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.

In March 2004, the company acquired 75% of the equity of R Raphael & Sons plc, a UK private bank, with an option to purchase the remaining 25%, which was exercised in March 2005. In April 2004, the company acquired the whole of the equity of Southern Finance Company Limited, a privately owned finance company.

RESULTS AND DIVIDENDS

The consolidated result for the year after taxation and minority interest amounted to a loss of £184,950 (2004 profit - £338,708). The directors declared an interim dividend of £625,000 (2004 - £100,000) and recommend a final dividend of £625,000 (2004 - £650,000).

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	
	2005	**2004**
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 25 days (2004 - 19 days).

DONATIONS

During the year the group made no charitable donations (2004 - £14,838). No political donations were made during the year (2004 – nil).

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.

AUDITORS

Deloitte & Touche LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

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

F. Tejani

15 July 2005

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 28 February 2005 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 27. 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 28 February 2005 and of the loss 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

15 July 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 28 February 2005

	Note	2005 £	2004 £
TURNOVER			
From continuing operations		783,366,929	746,400,709
From acquisitions		5,071,133	-
		788,438,062	746,400,709
Cost of sales		(762,688,945)	(732,842,261)
GROSS PROFIT		25,749,117	13,558,448
Administrative expenses		(22,619,863)	(13,005,371)
Other operating income		1,105,346	1,044,618
OPERATING PROFIT			
From continuing operations	5	2,650,470	1,597,695
From acquisitions	5	1,584,130	-
		4,234,600	1,597,695
Interest receivable and similar income		1,073,723	46,908
Interest payable and similar charges	6	(3,665,802)	(1,005,938)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,642,521	638,665
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(1,809,631)	(299,957)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(167,110)	338,708
Minority interest		(17,840)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND MINORITY INTEREST	19	(184,950)	338,708
Dividends	8	(1,250,000)	(750,000)
Retained loss transferred from reserves		(1,434,950)	(411,292)

There is no material difference between the (loss)/profit on ordinary activities after tax stated above and its historical equivalent.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 28 February 2005

	Note	2005 £	2004 £
(Loss)/profit for the year	19	(184,950)	338,708
Gain/(loss) on translation of opening net assets of foreign subsidiaries	19	9,893	(1,051,262)
Surplus on revaluation of freehold property	19	600,000	-
Disposal of investment properties	19	(248,008)	-
Total recognised gains and losses for the year		176,935	(712,554)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 28 February 2005

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
(Loss)/profit for the year	(184,950)	338,708	1,071,827	599,822
Dividends	(1,250,000)	(750,000)	(1,250,000)	(750,000)
	(1,434,950)	(411,292)	(178,173)	(150,178)
Other recognised gains and losses	361,885	(1,051,262)	-	-
Net reduction in shareholders' funds	(1,073,065)	(1,462,554)	(178,173)	(150,178)
Opening shareholders' funds	30,492,726	31,955,280	11,634,726	11,784,904
Closing shareholders' funds	29,419,661	30,492,726	11,456,553	11,634,726

CONSOLIDATED BALANCE SHEET
28 February 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible fixed assets	9	16,222,147	25,070,302
Goodwill	11	6,848,906	-
CURRENT ASSETS			
Stock		350,282	367,254
Debtors: amounts falling due after more than one year	13	23,995,683	5,286,307
Debtors: amounts falling due within one year	13	37,636,830	16,828,360
Cash at bank and in hand	14	30,097,106	24,025,654
		92,079,901	46,507,575
CREDITORS: amounts falling due within one year	15	(44,106,700)	(24,628,102)
NET CURRENT ASSETS		47,973,201	21,879,473
TOTAL ASSETS LESS CURRENT LIABILITIES		71,044,254	46,949,775
CREDITORS: amounts falling due after more than one year	16	(40,133,778)	(16,457,049)
NET ASSETS		30,910,476	30,492,726
CAPITAL AND RESERVES			
Called up share capital	18	11,436,000	11,436,000
Revaluation reserve	19	3,484,382	3,132,390
Profit and loss account	19	15,049,798	16,474,855
Merger reserve	19	(550,519)	(550,519)
EQUITY SHAREHOLDERS' FUNDS		29,419,661	30,492,726
Minority interest		1,490,815	-
TOTAL CAPITAL EMPLOYED		30,910,476	30,492,726

These financial statements were approved by the Board of Directors on 15 July 2005.

Signed on behalf of the Board of Directors

F. Tejani

Director

COMPANY BALANCE SHEET
28 February 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	10	31,391,389	14,378,917
CURRENT ASSETS			
Debtors	13	466,488	1,616,565
Cash at bank and in hand		17,822	12,092
		484,310	1,628,657
CREDITORS: amounts falling due within one year	15	(16,719,146)	(4,372,848)
NET CURRENT LIABILITIES		(16,234,836)	(2,744,191)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,156,553	11,634,726
CREDITORS: amounts falling due after more than one year	16	(3,700,000)	-
NET ASSETS		11,456,553	11,634,726
CAPITAL AND RESERVES			
Called up share capital	18	11,436,000	11,436,000
Profit and loss account	19	20,553	198,726
EQUITY SHAREHOLDERS' FUNDS		11,456,553	11,634,726

These financial statements were approved by the Board of Directors on 15 July 2005.

Signed on behalf of the Board of Directors

F. Tejani

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 28 February 2005

	Note	2005 £	2004 £
Cash inflow from operating activities	24	13,638,970	2,744,511
Returns on investments and servicing of finance			
Interest received		1,073,723	46,908
Interest paid		(3,665,802)	(1,005,938)
Net cash outflow from returns on investments and servicing of finance		(2,592,079)	(959,030)
Taxation			
Tax paid		(2,851,127)	(2,341,580)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,739,234)	(3,892,988)
Proceeds of sale of tangible fixed assets		10,430,911	-
Net cash inflow/(outflow) from capital expenditure and financial investment		8,691,677	(3,892,988)
Acquisitions			
Purchase of subsidiary undertakings		(17,012,472)	-
Cash balances acquired with subsidiary undertakings		7,335,199	-
Dividends paid		(1,488,517)	(606,039)
Cash inflow/(outflow) before financing		5,721,651	(5,055,126)
Financing			
Increase in debt	25	349,801	5,959,680
Increase in cash in the year		6,071,452	904,554
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		6,071,452	904,554
Cash inflow from increase in debt	25	(349,801)	(5,959,680)
Change in net debt resulting from cash flows		5,721,651	(5,055,126)
Debt of companies acquired		(26,838,495)	-
Movement in net debt in the year		(21,116,844)	(5,055,126)
Net debt/funds at 1 March		(2,383,521)	2,671,605
Net debt at 28 February	25	(23,500,365)	(2,383,521)

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The financial statements fall within the scope of the Statement of Recommended Practice ('SORP') issued by the Finance & Leasing Association. The financial statements have been prepared in accordance with the SORP in all material respects. 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. Certain limited format changes have been made to prior year amounts to conform to the current year presentation.

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 income from instalment finance agreements.

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. Freehold property is held at a valuation and any surplus or deficit arising on valuation is transferred to the revaluation reserve. It is also 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 28 February 2005

1. ACCOUNTING POLICIES (continued)

'Key money' leasehold property

In accordance with the alternative accounting rules, the premiums paid on leasehold property 'key money' 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.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over the lesser of its estimated useful life or 20 years. Provision is made for any impairment.

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.

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

1. **ACCOUNTING POLICIES (continued)**

Cash at bank and in hand

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

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**

	2005 £	2004 £
Wages and salaries	19,539,870	18,151,495
Social security costs	2,586,932	2,164,042
Other pension costs	638,683	851,397
	22,765,485	21,166,934

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

	No.	No.
Administration/operations	167	157
Bureaux staff	929	926
	1,096	1,083

4. **DIRECTORS' EMOLUMENTS**

	2005 £	2004 £
Directors' emoluments (excluding pension contributions)	725,213	1,424,578
Remuneration of the highest paid director (excluding pension contributions)	158,066	156,165
Company contributions paid to the pension scheme in respect of directors	384,573	639,580

Company contributions to the pension scheme in respect of the highest paid director were £95,629 (2004 - £150,000).

Four (2004 - 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

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

services to the company.

5. OPERATING PROFIT

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,666,171	1,811,401
Rental costs of operating leases	17,702,563	17,209,399
Amortisation of goodwill	338,486	-
Auditors' remuneration:		
The Group		
For audit	371,450	315,156
For non-audit services	251,312	246,031
The Company		
For audit	29,200	24,200

Analysis of operating profit between continuing operations and acquisitions:

	Continuing operations	Acquisitions	Total
	£	£	£
Turnover	783,366,929	5,071,133	788,438,062
Cost of sales	(762,636,171)	(52,774)	(762,688,945)
Administrative expenses	(19,174,949)	(3,444,914)	(22,619,863)
Other operating income	1,094,661	10,685	1,105,346
Operating profit	2,650,470	1,584,130	4,234,600

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
On bank loans and overdrafts	3,421,940	1,005,938
On other loans	243,862	-
	3,665,802	1,005,938

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
The charge for taxation is as follows:		
United Kingdom corporation tax at 30% (2004 – 30%)	(1,435,670)	(1,006,117)
Adjustment in respect of prior years	(139,435)	231,842
Double taxation relief	537,965	235,569
	(1,037,140)	(538,706)
Current period overseas taxation	(956,641)	(41,917)
	(1,993,781)	(580,623)
Deferred taxation		
Timing differences	278,396	213,332
Adjustments in respect of prior years	(94,246)	67,334
	(1,809,631)	(299,957)

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	1,642,521	638,665
Tax at 30% thereon (2004: 30%)	(492,756)	(191,600)
Plus/(less) the effects of:		
Expenses not deductible for tax purposes	(395,738)	(156,988)
Depreciation in excess of capital allowances	(170,782)	(173,441)
Utilisation of tax losses	26,350	7,850
Movement in short term timing differences	-	(4,431)
Other deferred tax movements	(121,825)	-
Differences in overseas tax rates	(118,787)	(28,969)
Overseas tax losses not recognised	(580,808)	(264,953)
Profits taxed at UK zero rate	-	67
Prior year adjustments	(139,435)	231,842
	(1,993,781)	(580,623)

8. DIVIDENDS

In September 2004, an interim dividend of £625,000 (2004: £100,000) was proposed and paid and a final dividend of £625,000 (2004: £650,000) was proposed.

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

9. TANGIBLE FIXED ASSETS - GROUP

	Freehold investment properties £	Freehold property £	Leaseholds £	Key money £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost							
At 1 March 2004	11,061,094	7,000,000	2,503,678	1,601,057	14,680,456	67,527	36,913,812
Exchange difference	-	-	(40,330)	46,681	137,694	(590)	143,455
Additions	6,120	-	57,516	617	1,582,425	92,556	1,739,234
Acquisitions	-	598,149	-	-	444,510	294,513	1,337,172
Revaluations	-	600,000	-	-	-	-	600,000
Disposals	(9,602,814)	-	(53,919)	-	(1,491,279)	(36,508)	(11,184,520)
At 28 February 2005	1,464,400	8,198,149	2,466,945	1,648,355	15,353,806	417,498	29,549,153
Accumulated depreciation							
At 1 March 2004	-	-	1,999,182	179,969	9,614,780	49,579	11,843,510
Exchange difference	-	-	(26,054)	5,247	88,531	(638)	67,086
Charge for the year	-	9,920	181,694	4,424	1,411,329	58,804	1,666,171
Acquisitions	-	160,751	-	-	371,264	111,467	643,482
Disposals	-	-	(53,919)	-	(803,730)	(35,594)	(893,243)
At 28 February 2005	-	170,671	2,100,903	189,640	10,682,174	183,618	13,327,006
Net book value							
At 28 February 2005	1,464,400	8,027,478	366,042	1,458,715	4,671,632	233,880	16,222,147
At 29 February 2004	11,061,094	7,000,000	504,496	1,421,088	5,065,676	17,948	25,070,302

The freehold property, investment properties and key money are held at valuation. The investment properties and key money were valued at 28 February 2005 by the directors. Of the freehold property, £7,600,000 was valued at 28 February 2005 by Rohleder Lumby, independent valuers, and £427,478 at 3 April 1989 by Denford & Son, Chartered Surveyors, on the basis of open market value.

At 28 February 2005, the historic cost of the investment properties was £1,309,400 and of the freehold property £4,326,108.

The net book value of leaseholds comprises:

	2005 £	2004 £
Long leaseholds	40,191	57,531
Short leaseholds	325,851	446,965
	366,042	504,496

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

10. FIXED ASSET INVESTMENTS - COMPANY

	2005	2004
	£	£
Cost		
At 1 March	14,378,917	14,378,917
Additions during the year (note 12)	17,012,472	-
At 28 February	31,391,389	14,378,917

The company owns the whole of the equity (with the exception of R Raphael & Sons plc which is 75% owned) of the following subsidiaries incorporated in Great Britain and registered in England and Wales:

	Principal Activities
Lenlyn UK Limited	Retail and wholesale bureaux de change and investment
Lenlyn Limited*	Retail and wholesale bureaux de change
Exchange Corporation (Europe) plc	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*	Trade finance
International Currency Exchange plc	Retail and wholesale bureaux de change and related activities
International Currency Exchange (Europe) plc*	Bureaux de change and related activities
ICE Properties Limited*	Management of a hotel
R Raphael & Sons plc	Banking
Southern Finance Company Limited	Motor finance
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 indicated in accordance with local regulations.

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

* 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 28 February 2005.

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

11. GOODWILL - GROUP

	2005
	£
Cost	
At 1 March 2004	-
Additions	7,187,392
At 28 February 2005	7,187,392
Amortisation	
At 1 March 2004	-
Charge for the year	338,486
At 28 February 2005	338,486
Net book value	
At 28 February 2005	6,848,906

12. ACQUISITIONS

The aggregate net assets acquired and the consideration paid relating to acquisitions during the year were as follows:

	£
Net assets:	
Tangible fixed assets	693,690
Debtors	38,455,118
Cash at bank and in hand	7,335,199
Creditors	(8,347,457)
Loans	(26,838,495)
Net assets acquired	11,298,055
Less minority interest	(1,472,975)
	9,825,080
Goodwill	7,187,392
Total consideration	17,012,472
Satisfied by:	
Cash	17,012,472

No fair value adjustments were made.

In March 2004 the group acquired 75% of the equity of R Raphael & Sons PLC for a consideration (including costs) of £6,594,180 and in April 2004 the whole of the equity of Southern Finance Company Limited, for a consideration (including costs) of £10,418,292. The goodwill arising in respect of R Raphael & Sons plc was £2,175,255 and in respect of Southern Finance Company Limited £5,012,137.

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

13. DEBTORS

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Amounts falling due after more than one year:				
Loans and advances to customers	2,649,165	-	-	-
Net amounts receivable under hire purchase agreements and finance leases	21,346,518	-	5,286,307	-
	23,995,683	-	5,286,307	-
Amounts falling due within one year:				
Loans and advances to customers	3,003,813	-	-	-
Net amounts receivable under hire purchase agreements and finance leases	16,321,512	-	3,941,009	-
Trade debtors	3,406,698	-	2,237,012	-
Amounts owed by group undertakings	-	466,488	-	1,610,269
Other debtors	10,958,964	-	6,918,693	6,296
Prepayments and accrued income	2,368,243	-	2,527,841	-
Corporation tax recoverable	565,745	-	365,109	-
Deferred tax asset (see note 17)	1,011,855	-	838,696	-
	37,636,830	466,488	16,828,360	1,616,565
	61,632,513	466,488	22,114,667	1,616,565

Net amounts receivable under hire purchase agreements and finance leases.

	2005 £	2004 £
Finance leases	1,484,628	2,745,317
Hire purchase agreements	36,183,402	6,481,999
	37,668,030	9,227,316

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

	2005 £	2004 £
Finance leases	1,259,823	1,893,240
Hire purchase agreements	12,842,134	4,601,420

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

13. DEBTORS (continued)

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

	2005	2004
	£	£
Finance leases	332,919	1,578,792
Hire purchase agreements	8,242,138	6,401,849

Loans and advances to customers and hire purchase and finance lease agreements are stated net of any provision for doubtful debts. The movement in the provision for doubtful debts is stated below.

	2005	2004
	£	£
At 1 March	375,689	512,644
Increase in provision	519,191	400,327
Companies acquired during the year	546,548	-
Release of provision	(156,746)	(537,282)
At 28 February	1,284,682	375,689

14. CASH AT BANK AND IN HAND

Included in cash at bank and in hand are loans and advances to banks made by the banking subsidiary amounting to £9,423,311, of which £1,836,248 is repayable on demand and £7,587,063 within agreed maturity dates of three months or less.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2005	Company 2005	Group 2004	Company 2004
	£	£	£	£
Bank loans and overdrafts	13,463,693	-	9,952,126	-
Customer deposits with banking subsidiary	8,941,393	-	-	-
Trade creditors	2,405,083	-	558,630	-
Amounts owed to group undertakings	-	16,215,814	-	3,739,222
Corporation tax	674,122	-	1,341,823	-
Other taxation and social security	765,851	-	614,521	-
Other creditors	13,620,044	388,059	9,588,979	626,576
Accruals and deferred income	4,236,514	115,273	2,572,023	7,050
	44,106,700	16,719,146	24,628,102	4,372,848

Customer deposits with banking subsidiary are repayable as follows:

	2005
	£
On demand	3,503,780
Within agreed maturity dates or periods of notice:	
Three months or less	3,195,625
Between three months and one year	2,241,988
	8,941,393

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

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

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Bank loans	37,002,528	3,700,000	13,457,049	-
Other loans	3,131,250	-	3,000,000	-
	40,133,778	3,700,000	16,457,049	-

The bank loans are secured by way of fixed and floating charges over the assets of certain group companies. The other loans include a loan of £3,000,000 from a related party, the Lenlyn UK Limited Executive Pension Scheme (note 26), secured by a charge over the assets of a subsidiary company and bearing interest at 1.5% over the Bank of England base rate. The remaining other loan of £131,250 is secured by a charge over the relevant computer equipment.

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
The loans are repayable as follows				
Between one and two years	3,221,444	1,057,142	2,044,677	-
Between two and five years	33,524,676	2,642,858	8,602,470	-
Over five years	3,387,658	-	5,809,902	-
	40,133,778	3,700,000	16,457,049	-

Repayable by instalments wholly or partly in more than five years:	Group 2005 £	Group 2004 £
Floating rate secured loan repayable by quarterly instalments of £13,888 from 17 August 2004	-	13,910
Floating rate secured loan repayable by quarterly instalments of £36,516 from 16 October 2003	1,588,522	1,538,522
Floating rate secured loan repayable by quarterly instalments of £100,000 from 31 March 2005	85,884	152,883
Floating rate secured loan repayable by quarterly instalments of £100,000 from 31 March 2005	69,203	426,111
Floating rate secured loan repayable by monthly instalments of £13,333 from 1 August 2006	144,049	160,000
Floating rate secured loan repayable by quarterly instalments of £123,460 from 31 May 2007	-	1,643,476
Floating rate secured loan repayable by annual instalments of £375,000 from 1 March 2006	1,500,000	1,875,000
	3,387,658	5,809,902

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

17. DEFERRED TAXATION

	Group 2005 £	Group 2004 £
At 1 March	(838,696)	(287,664)
Charge/(credit) to profit and loss account	(184,150)	(280,666)
Foreign exchange translation	2,860	33,057
Acquisitions	8,131	-
Reclassifications	-	(303,423)
At 28 February (Note 13)	(1,011,855)	(838,696)

Analysis of deferred tax balance:

	Group 2005 £	Group 2004 £
Depreciation in excess of capital allowances	(871,016)	(573,244)
Short term timing differences	(140,839)	(265,452)
	(1,011,855)	(838,696)

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.

18. CALLED UP SHARE CAPITAL

	Group and Company 2005 £	Group and Company 2004 £
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	11,436,000

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

19. STATEMENT OF MOVEMENT ON RESERVES

GROUP

	Revaluation reserve £	Merger reserve £	Profit and loss account £	Group Total £
At 1 March 2004	3,132,390	(550,519)	16,474,855	19,056,726
Loss for the financial year	-	-	(184,950)	(184,950)
Difference on translation of opening net assets of foreign subsidiaries	-	-	9,893	9,893
Dividends	-	-	(1,250,000)	(1,250,000)
Surplus on revaluation of freehold property	600,000	-	-	600,000
Disposal of investment properties	(248,008)	-	-	(248,008)
At 28 February 2005	3,484,382	(550,519)	15,049,798	17,983,661

COMPANY

	Profit and loss account £
At 1 March 2004	198,726
Profit for the financial year	1,071,827
Dividends	(1,250,000)
At 28 February 2005	20,553

20. FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash and liquid resources, customer deposits, bank borrowings and various items such as trade debtors and trade creditors that arise directly from its operations.

A subsidiary company, R Raphael & Sons plc, is engaged in the business of banking and related financial services and, consequently, its risks differ from those of the other businesses in the group. Its risk management strategy is to identify and manage risk to ensure an appropriate risk-return relationship. The effects of risk are considered in terms of their impact on income, asset values, liabilities and recoverability. Risks reflect uncertainty regarding the outcome of financial transactions due to changes in political, economic and market conditions. The risks actively managed include credit risk, interest rate risk, liquidity risk, operational risk and foreign exchange risk.

21. COMMITMENTS

	Group Leaseholds 2005 £	Group Leaseholds 2004 £
Operating leases which expire:		
Within one year	7,583,682	15,603,069
Within two to five years	36,822,129	37,793,092
In more than five years	994,251	2,177,908
	45,400,062	55,574,069

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

21 COMMITMENTS (Continued)

The lease commitments relate to rentals of land and buildings.

	Group 2005 £
Customer loan and overdraft facilities agreed but not drawn at the year end:	
One year or less	788,683
Over two years	580,237
	1,368,920
Amounts contracted for but not provided in the financial statements	4,000
	1,372,920

22. 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 £638,683 (2004 - £851,397).

23. 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 Company's profit for the year amounted to £1,071,827 (2004 - £599,822).

24. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS – GROUP

	2005 £	2004 £
Operating profit	4,234,600	1,597,695
Amortisation of goodwill	338,486	-
Depreciation charges	1,666,171	1,811,401
(Profit)/loss on disposal of fixed assets	(387,642)	274,582
Increase in debtors	(688,933)	(2,840,742)
Increase in creditors	8,525,792	2,891,844
Decrease/(increase) in stock	16,972	(79,701)
Currency translation	9,893	(1,051,262)
Other exchange differences	(76,369)	140,694
Net cash inflow from operating activities	13,638,970	2,744,511

NOTES TO THE ACCOUNTS
Year ended 28 February 2005

25. ANALYSIS OF NET DEBT – GROUP

	At 1 March 2004	Companies Acquired	Cash Flow	At 28 February 2005
	£	£	£	£
Cash at bank and in hand	24,025,654	7,335,199	(1,263,747)	30,097,106
Debt due after one year	(16,457,049)	(26,000,000)	2,323,271	(40,133,778)
Debt due within one year	(9,952,126)	(838,495)	(2,673,072)	(13,463,693)
	(26,409,175)	(26,838,495)	(349,801)	(53,597,471)
Net debt	(2,383,521)	(19,503,296)	(1,613,548)	(23,500,365)

26. 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 UK 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 ended 29 February 2004, the group borrowed £3,000,000 (Note 16) from the pension scheme.

Montreal Currency Exchange

Montreal Currency Exchange is subject to common control. As at 28 February 2005, a balance of £582,040 (2004 - £582,040) was owed to Lenlyn UK Limited, a wholly 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.

Islandsbanki hf

Included in loans and advances to banks is an amount of £4,623 deposited with Islandsbanki hf, the holder of the minority interest in R Raphael & Sons plc.

27. SUBSEQUENT EVENTS

In March 2005, the Company exercised its option to acquire the 25% minority interest in the equity of R Raphael & Sons plc from Islandsbanki hf for a cash consideration of £75,000.