



HAMPSHIRE TRUST

PRIVATE BANKERS

Annual Report

Year Ended 30 April 2004

Hampshire Trust Plc

Annual report for the year ended 30 April 2004

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Registered no: 1311315

Hampshire Trust Plc

Directors and advisers

Directors

P G Cordrey (Chairman)
M J Wilks (Managing Director)
S M B Hunter (Deputy Managing Director)
J E Pakenham-Walsh
C G Marsh
D L Stewart
T W Trinder

Company Secretary

J E Pakenham-Walsh

Registered office

Fareham House
69 High Street
Fareham
Hants PO16 7BB

Auditors

PricewaterhouseCoopers LLP
The Quay
30 Channel Way
Southampton
Hants SO14 3QG

Clearing Bank

HBOS Plc
144-148 High Street
Southampton
Hants SO14 2JF

Solicitors

Thomas Eggar
The Corn Exchange
Baffins Lane
Chichester
West Sussex
PO19 1GE

Hampshire Trust Plc

Group Trading Companies

Hampshire Trust Plc

Business: Banking
Trading address: Fareham House
69 High Street
Fareham
Hants PO16 7BB
Contact name: Stephen Hunter or John Pakenham-Walsh
Telephone number: 01329 234294

Website: www.hampshire-trust.co.uk

Hampshire Trust Factors Limited

Business: Factoring
Trading address: Calverton House
1 Keller Close
Kiln Farm
Milton Keynes MK11 3LL
Contact names: Mark Byrne or Chris Watt
Telephone number: 01908 268880

Website: www.htfactors.co.uk

Hampshire Trust Plc

Chairman's Statement For the year ended 30 April 2004

Review

The last year has been our most successful year for the Group. We have achieved our demanding business plan for the year and have a product mix with a risk structure that is flexible to changing market conditions and still generates a premium return on capital for the shareholders.

The return on capital at 28% is up from 22% the previous year. The net assets per share are £1.80 per £1 Ordinary Share, and your Board is recommending a dividend of 3.57p per £1 Ordinary Share, an increase of 15% on the previous year.

The Bank had three successful issues of fixed rate savings bonds which were oversubscribed, and which enabled us to remain largely independent of other banks for our lending commitments. However, for reasons of prudence, we still retain two bank lines for standby support. The Bank's liquidity remains strong.

The retail nature of our litigation funding book, and the importance of managing that book, has involved us in further enhancements to our computer and accounting functions. The internal auditing of that book continues to be a key credit management control. The Bank's ability to manage the book has been further improved by the services provided by Quality Rating Limited, an auditing and vetting company set up during the year with a trading partner and in which the Bank holds a 45% stake.

Assets

The decision to write business regulated under the Consumer Credit Act has proved to be important. This book now accounts for over 50% of our disbursement funding loans, and demonstrates the importance of adapting to changing market conditions. We are now building an important database of our risks, which will assist in managing our portfolio and, in the future, supporting independent funding for this class of asset.

The book value of our property lending assets has again decreased due to competition and reduced margins that we do not wish to chase down. We remain optimistic about our bridging facilities and we plan to extend this product during the coming year. Arrears on the property book are now immaterial.

The factoring company had little growth during the year, partly due to the disruption of an office relocation as the company purchased its own premises in Milton Keynes, which will allow for future expansion and improve operating efficiency.

Capital

We have increased our floating rate preference capital to £1,500,000 and redeemed the fixed rate preference capital. This will assist matching our book in future years and facilitate any valuation of the ordinary share capital.

Hampshire Trust Plc

Immediately post year-end we concluded an agreement with the minority shareholders of Hampshire Trust Factors Ltd whereby our equity stake was reduced to 49.9% thereby enabling our loans and subordinated debt to be repaid. This has released over £3.7 million to fund our core business which we will redeploy at a higher return in our disbursement funding book. We have retained our equity investment but without being responsible or liable for the associated trading risks. When market conditions improve we intend to capitalise on our holding.

The Future

The challenge for the next 2/3 years is to maintain or improve our return on capital and to manage the risks to avoid bad debts and illiquidity. We shall continue to review new areas of business that may fit in our business profile and we remain optimistic about our niche businesses.

As always, our results are dependent on the energy, hard work and professional approach of our staff and board, and on your behalf, I thank them for an excellent year.

Peter Cordrey

24 June 2004

Hampshire Trust Plc

Directors' Report For the year ended 30 April 2004

The directors have pleasure in submitting their report together with the financial statements for the year ended 30 April 2004.

Activity

The principal activity of the Group is that of providing a range of banking services. The parent company is a bank, authorised under the Financial Services and Markets Act 2000, to accept deposits.

Business Review

The Directors are pleased to report record pre-tax trading profits of £1,680,128 (2003: £1,075,369) for the Bank, an increase of 56%, and £1,834,597 (2003: £1,278,735) for the Group, an increase of 43%. These figures vindicate the Bank's decision to change the emphasis of its lending from property to disbursement funding, albeit the Bank considers it important to maintain a property presence. Overall the Bank's total loan book has increased by 22% to £26.8 million (2003: £21.9 million), notwithstanding a reduction of £2.6 million (2003: 35%) in the property book. The Group's loan book has risen by 17% to £30.2 million (2003: £25.7 million).

The Bank continues to invest heavily in IT which has enabled it to change the emphasis of its lending and achieve these results whilst reducing the overhead burden by 6% to 39%.

After the year end the Bank reached an agreement with its subsidiary company Hampshire Trust Factors Limited as detailed elsewhere in these accounts. This agreement has enabled Hampshire Trust Factors Limited to obtain external funding to support its continuing development; and has enabled the Bank to ensure its funds are available for the planned expansion of its own business.

The Bank's decision to introduce fixed rate bonds during the year was well received by the public and its public deposits increased during the year by 26% to £25.1 million (2003: £19.9 million).

The Directors' consider that the market value of the Bank's only property asset, Fareham House, is more than £200,000 in excess of the carrying value noted in the accounts.

During the year an agreement was reached with the respective shareholders with the result that the 165,000 Class B £1 Preference Shares were cancelled and each share replaced by 2.75 Class A £1 Preference Shares. Consequently 453,750 new Class A £1 Preference Shares were issued and £288,750 debited to reserves. Additionally 50,000 £1 Ordinary Shares were issued to key members of staff and a further 46,250 Class A £1 Preference Shares to deposit holders.

Financial Reporting Standard 13

This reporting standard requires all banks to include in their annual report information relating to derivatives and other financial instruments. The Bank has not engaged in derivatives or other complex financial instruments, either for trading or non-trading

Hampshire Trust Plc

purposes, nor has it conducted business in foreign currencies. The Bank pays interest on its public deposits and receives interest on its loan assets. The Bank closely monitors the sources and maturities of assets and liabilities to ensure that it can meet its cash financial obligations as and when they fall due. All credit decisions are made in formal committee in accordance with the Bank's lending policies and all loan assets are reviewed at least annually by the Bank's Credit Committee. All of the policies noted above have been followed during the year.

Dividends And Transfer To Reserves

The directors recommend the payment of a 3.57p dividend (2003 – 3.10p) to ordinary shareholders in respect of the year ended 30 April 2004.

After provision for the ordinary dividend and the dividends on the Class A Preference Shares (6.10p; 2003 – 6.34p) and the Class B Preference Shares (13.5p; 2003 - 15.0p), the retained profit for the year of £1,083,531 (2003: £691,582) will be transferred to reserves.

Creditor Payment Policy

The Bank's policy concerning the payment of its creditors is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction,
- (b) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

Creditor days are nil (2003: nil). It is the Bank's usual practice to make payment on receipt of invoice.

Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank and the group as at the end of the financial year and of the profit or loss of the Bank and the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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Directors' Interests In The Shares Of Group Companies

As at the year end the directors of the Bank and their interests in the shares of the Bank were as follows:

	£1 Ordinary	Class A £1 Preference	Class B £1 Preference
P Cordrey (Chairman)	738,375	nil	nil
M J Wilks (Managing Director)	413,319	58,500	nil
S M B Hunter	384,309	58,500	nil
J E Pakenham-Walsh	30,000	18,000	nil
C G Marsh	234,252	nil	nil
D L Stewart	nil	nil	nil
T W Trinder	nil	nil	nil

During the year, net movements in the respective holdings were as follows:

	£1 Ordinary	Class A £1 Preference	Class B £1 Preference
M J Wilks	nil	58,500	(30,000)
S M B Hunter	nil	58,500	(30,000)
J E Pakenham-Walsh	30,000	nil	nil

The shareholdings detailed above include both legal and beneficial interests and interests in shares held by connected parties.

Subsequent to the year end rights to purchase further £1 Ordinary Shares were exercised under the terms of the share option scheme (see note 6) by Michael Wilks (45,000), Stephen Hunter (45,000) and John Pakenham-Walsh (7,500).

Peter Cordrey also owns 25,000 £1 Ordinary Shares in Hampshire Trust Factors Limited, which were held throughout the year. On 4 May 2004 Peter Cordrey purchased a further 50,001 £1 Ordinary Shares in that company. No other directors of the Bank held shares in other group companies.

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Corporate Governance

The Bank has an Audit Committee, a Remuneration Committee and a Nomination Committee.

Audit Committee

Under the chairmanship of Chris Marsh the members of the Committee are Peter Cordrey, David Stewart and Terry Trinder (all of whom are non-executive directors). The Bank's Company Secretary acts as secretary to the Committee. The Committee's responsibilities include the review of internal control systems and procedures and liaising, where appropriate, with the external auditors.

Remuneration Committee

Peter Cordrey is the chairman of the Remuneration Committee of which Chris Marsh, David Stewart and Terry Trinder are also members. The Committee's responsibilities include the review of the remuneration package of the executive and non-executive directors, to consider the introduction of incentive schemes for directors and staff and to consider appropriate remuneration packages for staff.

Nomination Committee

The three members of the Nomination Committee are Peter Cordrey, Terry Trinder and Michael Wilks. The purpose of the committee is to consider nominations to the board of directors and make recommendations.

Independent Non-Executive Directors

Terry Trinder is the senior independent non-executive director. David Stewart is also an independent non-executive director.

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

J E Pakenham-Walsh
Company Secretary

24 June 2004

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Independent auditors' report to the members of Hampshire Trust Plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the 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 affairs of the company and group at 30 April 2004 and of the profit of the company and the group and the cash flow of the group for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, Southampton

25 June 2004

Hampshire Trust Plc

Consolidated Profit and Loss Account for the year ended 30 April 2004

	Notes	2004 £	2003 £
Interest receivable from loans and advances		4,265,762	3,274,160
Interest payable		<u>(1,136,589)</u>	<u>(871,988)</u>
Net interest income		3,129,173	2,402,172
Fees and commissions receivable	2	1,253,076	1,114,843
Other operating income	3	<u>250</u>	<u>1,000</u>
Operating income		<u>4,382,499</u>	<u>3,518,015</u>
Administrative expenses	4	2,469,391	2,182,198
Depreciation	14	95,717	81,982
Provisions for bad and doubtful debts	5	<u>3,949</u>	<u>(24,900)</u>
		<u>2,569,057</u>	<u>2,239,280</u>
Group operating profit		1,813,442	1,278,735
Share of associates operating profit		<u>21,155</u>	<u>-</u>
Total operating profit: group and share of associates		1,834,597	1,278,735
Tax on profit on ordinary activities	8a	<u>(537,983)</u>	<u>(374,020)</u>
Profit for the financial year		1,296,614	904,715
Minority interests – equity		(26,532)	(38,671)
Dividends and appropriations	9	<u>(186,651)</u>	<u>(174,462)</u>
Retained profit	20	<u>1,083,431</u>	<u>691,582</u>

The consolidated figures for the current year include those of the subsidiary, Hampshire Trust Factors Limited, which reported a profit after tax of £106,131.

The group has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented. All of the operations of the group are continuing.

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Company Profit and Loss Account for the year ended 30 April 2004

	Notes	2004 £	2003 £
Interest receivable from loans and advances		4,190,900	3,192,480
Interest payable		<u>(1,086,819)</u>	<u>(872,014)</u>
Net interest income		3,104,081	2,320,466
Fees and commissions receivable	2	326,227	377,481
Other operating income	3	<u>250</u>	<u>1,000</u>
Operating income		<u>3,430,558</u>	<u>2,698,947</u>
Administrative expenses	4	1,765,321	1,614,277
Depreciation	14	70,981	66,965
Provisions for bad and doubtful debts	5	<u>(85,872)</u>	<u>(57,664)</u>
		<u>1,750,430</u>	<u>1,623,578</u>
		1,680,128	1,075,369
Amounts written back re fixed asset investments - Hampshire Trust Factors Limited		<u>-</u>	<u>11,240</u>
Profit on ordinary activities before tax		1,680,128	1,086,609
Tax on profit on ordinary activities	8a	<u>(506,781)</u>	<u>(325,337)</u>
Profit for the financial year		1,173,347	761,272
Dividends and appropriations	9	<u>(186,651)</u>	<u>(174,462)</u>
Retained profit	20	<u>986,696</u>	<u>586,810</u>

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Consolidated and Company Balance Sheets at 30 April 2004

	Notes	Group		Company	
		2004 £	2003 £	2004 £	2003 £
ASSETS					
Cash		750	750	750	750
Loans and advances to banks	10	5,356,958	3,891,781	5,163,725	3,729,256
Loans and advances to customers	11	30,158,211	25,749,241	26,821,232	21,874,668
Investments in associates	13a	62,136	-	45,000	2
Investments	13b	-	-	150,105	150,103
Tangible fixed assets	14	1,151,967	632,268	587,952	592,539
Other assets		58,168	35,151	50,773	29,336
Prepayments and accrued income		29,031	29,306	15,104	13,536
Total assets		<u>36,817,221</u>	<u>30,338,497</u>	<u>32,834,641</u>	<u>26,390,190</u>
LIABILITIES					
Customer accounts	15	28,732,245	23,540,705	25,184,016	19,897,702
Other liabilities	16	598,133	510,696	529,346	433,814
Accruals and deferred income	17	782,639	812,751	730,039	774,025
		<u>30,113,017</u>	<u>24,864,152</u>	<u>26,443,401</u>	<u>21,105,541</u>
Capital and reserves					
Called up share capital	19	4,335,863	3,950,863	4,335,863	3,950,863
Share premium account	20	267,829	244,184	267,829	244,184
Profit and loss account	20	1,989,055	1,194,374	1,787,548	1,089,602
Shareholders' funds					
- Equity		5,092,747	4,224,421	4,891,240	4,119,649
- Non-equity		1,500,000	1,165,000	1,500,000	1,165,000
	21	<u>6,592,747</u>	<u>5,389,421</u>	<u>6,391,240</u>	<u>5,284,649</u>
Minority interest - equity	22	111,457	84,924	-	-
Total liabilities		<u>36,817,221</u>	<u>30,338,497</u>	<u>32,834,641</u>	<u>26,390,190</u>
MEMORANDUM ITEMS					
Other commitments	23	2,615,351	1,445,630	2,125,419	1,136,569

The financial statements on pages 11 to 32 were approved by the Board of Directors on 24 June 2004 and were signed on its behalf by:

M J Wilks
Director

J E Pakenham-Walsh
Director

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Consolidated Cash Flow Statement for the year ended 30 April 2004

	Notes	2004 £	2003 £
Net cash inflow/(outflow) from operating activities	24	2,545,708	(382,509)
Servicing of finance - preference dividends paid (outflow)		(108,247)	(88,259)
Taxation - UK corporation tax paid (net)		(633,616)	(325,908)
Capital expenditure - purchase of tangible fixed assets	14	(617,813)	(118,606)
Acquisitions - investment in associate		(44,998)	-
Ordinary dividends paid		<u>(86,362)</u>	<u>(75,033)</u>
Net cash inflow/(outflow) before financing		1,054,672	(990,315)
Financing – issue of new Ordinary £1 Shares		76,000	-
– issue of new Class A £1 Preference Shares		<u>46,250</u>	<u>-</u>
Increase/(decrease) in cash	25	<u>1,176,922</u>	<u>(990,315)</u>

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Notes to the financial statements for the year ended 30 April 2004

1. Accounting policies

Basis of preparation

The consolidated financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking companies and groups, applicable Accounting Standards and Statements of Recommended Practice issued by the British Bankers' Association.

Investments

The investments are stated at cost less any provision for a diminution in value.

Segmental analysis

The Bank and its subsidiary, Hampshire Trust Factors Limited, undertake banking and factoring businesses respectively, both operating only in the United Kingdom. As permitted under Statement of Standard Accounting Practice no. 25, since the income streams are substantially the same, segmental information has not been disclosed.

Interest receivable and payable

Interest is recognised in the profit and loss account as it accrues, except in the case of doubtful debts (see below). Fixed credit charges are accrued over the expected duration of the loan.

Fees and commissions receivable

Negotiating fees, administration fees, redemption fees and commissions receivable are credited to the profit and loss account in full when received. Factoring fees are credited to the profit and loss account as earned. Miscellaneous fees are credited to the profit and loss account when receipt of payment is considered to be reasonably certain.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets as follows:

Computer hardware and software	- 4 years
Other equipment	- 5 years
Fixtures and fittings	- 10 years
Freehold property	- 50 years

However, no depreciation is provided on listed freehold property. Based on the impairment tests undertaken in accordance with FRS15, it is the directors' opinion that since its listed head office is maintained in a continual state of sound repair and due to the longevity of the useful economic life of the asset, any depreciation would be immaterial. The directors are of the opinion that there has been no diminution in the value of the property during the year.

Secured deposits

Where the holder of a deposit account has provided a legally enforceable right of set-off, the corresponding loan is reported net of that security.

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1. Accounting policies (cont.)

Bad and doubtful debts

Specific provision is made against all advances considered to be impaired. When there is no longer any realistic prospect of recovery, the outstanding debt is written off. A general provision is maintained against all advances to customers where there is no apparent impairment.

Interest on doubtful debts is suspended and not taken to profit until the directors are satisfied as to its recoverability.

Deferred tax

Deferred tax is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured at the average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax has not been discounted.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pensions

Pension costs are in respect of the defined contribution schemes and are charged as incurred.

2. Fees and commissions receivable

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Factoring and associated fees	926,849	737,362	-	-
Negotiating fees	101,983	115,638	101,983	115,638
Redemption fees	180,586	193,589	180,586	193,589
Administration fees	28,796	52,012	28,796	52,012
Miscellaneous fees	14,862	16,242	14,862	16,242
	<u>1,253,076</u>	<u>1,114,843</u>	<u>326,227</u>	<u>377,481</u>

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3. Other operating income

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Profit on asset administration	<u>250</u>	<u>1,000</u>	<u>250</u>	<u>1,000</u>

4. Administrative expenses

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Staff Costs:				
Wages and salaries	1,493,345	1,231,095	1,142,548	944,804
Pension Costs	56,672	42,868	43,701	33,772
Social security costs	162,468	127,394	126,161	99,373
Remuneration of auditors excluding VAT				
Fees for audit	36,000	31,550	29,000	24,850
Fees for other services	19,300	12,625	10,580	5,125
Operating leases - plant and equipment	4,043	1,120	-	-
- property	13,043	7,750	-	-
Donations (charitable)	1,662	3,800	1,375	3,800
Other expenses	<u>682,858</u>	<u>723,996</u>	<u>411,956</u>	<u>502,553</u>
	<u>2,469,391</u>	<u>2,182,198</u>	<u>1,765,321</u>	<u>1,614,277</u>

5. Provision for bad and doubtful debts – charge to profit

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Provisions made during year				
- specific	-	27,540	-	-
- general	17,294	15,706	-	-
Amounts written off during the year	88,146	-	146	-
Recoveries of amounts				
- previously provided for	(15,473)	(23,482)	-	(13,000)
Recoveries of prior year suspended interest	<u>(86,018)</u>	<u>(44,664)</u>	<u>(86,018)</u>	<u>(44,664)</u>
	<u>3,949</u>	<u>(24,900)</u>	<u>(85,872)</u>	<u>(57,664)</u>

The balance sheet analysis is detailed in note 12.

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6. Directors' emoluments

The remuneration receivable by the directors of Hampshire Trust Plc or amounts payable to third parties in respect of services provided by those directors were:

	2004 £	2003 £
Aggregate emoluments		
- contributions to group personal pension plan	19,911	17,795
- other emoluments	<u>575,370</u>	<u>471,319</u>
	<u>595,281</u>	<u>489,114</u>
Highest paid director		
- contributions to group personal pension plan	8,377	7,494
- profit share	75,178	40,182
- other emoluments	<u>136,877</u>	<u>132,693</u>
	<u>220,432</u>	<u>180,369</u>

In addition to the above the highest paid director is entitled to a deferred bonus of £23,420 (2003: £11,492), the payment of which is conditional upon the profitability of the coming financial year. Share options granted to the highest paid director, M J Wilks, are detailed below.

Share Options

During the year the following directors and employees held options in respect of £1.00 Ordinary Shares in the Bank as follows:

<u>Director/Employee</u>	<u>Date Granted</u>	<u>Number of Shares*</u>	<u>Exercise Criteria</u>
P G Cordrey	21.09.98	30,000	B
M J Wilks	04.09.98	45,000	A
	04.09.98	60,000	B
S M B Hunter	04.09.98	45,000	A
	04.09.98	45,000	B
J E Pakenham-Walsh	08.06.99	7,500	A
S Dixon (employee)	04.09.98	7,500	A

The following information applies to all the share options:

- the options may be exercised after the 5th anniversary of the grant, or on a change of ownership or control.
- the options remained unexercised as at 30 April 2004.
- the exercise price is £0.70*, subject to the criteria below.
- the expiry date is the tenth anniversary of the granting date or following the death, bankruptcy or cessation of employment of the option holder.
- no consideration was paid for the options.
- there were no options carried forward from previous years.

*amended following the two for one bonus issue in July 2002.

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6. Directors' emoluments – share options (cont.)

The criteria relating to the exercise of the options is as follows:

Exercise Criteria A:

- (i) Profits, after tax and dividends to preference shareholders, must equal or exceed, on average, 15% of shareholders funds for the relevant period, and
- (ii) dividend growth must equal or exceed 10% per financial period with any three consecutive financial periods averaging at least 15% per period.

Exercise Criteria B:

- (i) The acceptance of an offer by the holders of more than 50% of the ordinary share capital, or
- (ii) the Bank obtaining a listing or quotation on a recognised stock exchange, or
- (iii) the acquisition of not less than 20% of the ordinary shares by an institutional investor.

Each event noted in Exercise Criteria B requires a price that (a) values the ordinary shares at an amount not less than 125% of shareholders funds or (b) results in a price earnings ratio of not less than 10:1.

No share options were held by any other director of a group company in any shares of other group companies.

7. Employee information

The average number of persons employed during the year was:

	Group		Company	
	2004	2003	2004	2003
Directors	9	9	7	7
Other staff	<u>32</u>	<u>29</u>	<u>23</u>	<u>21</u>
	<u>41</u>	<u>38</u>	<u>30</u>	<u>28</u>

The analysis includes non-executive directors and both full-time and part-time staff.

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8a. Tax on profit on ordinary activities

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
UK corporation tax:				
- current period	556,822	372,994	523,038	321,212
- previous periods	4,178	(1,351)	5,180	(1,351)
Current tax	<u>561,000</u>	<u>371,643</u>	<u>528,218</u>	<u>319,861</u>
Deferred tax (origination and reversal of timing differences): - current	(19,754)	2,377	(18,024)	5,476
- previous periods	(3,263)	—	(3,413)	—
Deferred tax	<u>(23,017)</u>	<u>2,377</u>	<u>(21,437)</u>	<u>5,476</u>
Tax on profit on ordinary activities	<u>537,983</u>	<u>374,020</u>	<u>506,781</u>	<u>325,337</u>

8b. Factors affecting tax charge for period

The tax assessed in the period is higher than the standard rate of corporation tax in the UK (30%), as indicated below:

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Profit on ordinary activities before tax	<u>1,834,597</u>	<u>1,278,735</u>	<u>1,680,128</u>	<u>1,086,609</u>
Profit on ordinary activities multiplied by standard rate of UK corporation tax (30%) (2003: 30%)	550,379	383,621	504,039	325,983
Effects of:				
Subsidiary's lower rate of tax	(16,991)	(14,605)	-	-
Non taxable income	-	-	-	(3,371)
Non tax deductible expenses	3,680	772	975	102
Other timing differences	19,754	3,206	18,024	(1,502)
Adjustment to tax charge re previous periods	<u>4,178</u>	<u>(1,351)</u>	<u>5,180</u>	<u>(1,351)</u>
Current tax charge for period	<u>561,000</u>	<u>371,643</u>	<u>528,218</u>	<u>319,861</u>

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

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9. Dividends and appropriations

	Group and Company	
	2004	2003
	£	£
On equity shares:		
Ordinary proposed (3.57p per share (2003: 3.10p))	<u>101,240</u>	<u>86,362</u>
On non-equity shares:		
Class A preference (6.10p per share (2003: 6.34p)):		
- paid	55,714	57,882
- accrued	7,382	5,468
Class B preference (13.5p per share (2003: 15.0p)):		
- paid	22,315	-
- accrued	<u>-</u>	<u>24,750</u>
	<u>85,411</u>	<u>88,100</u>
	<u>186,651</u>	<u>174,462</u>

10. Loans and advances to banks

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Repayable on demand	3,327,840	2,150,918	3,134,607	1,988,393
Remaining maturity of 3 months or less	1,998,498	1,710,883	1,998,498	1,710,883
Remaining maturity of 6 months or less but over 3 months	<u>30,620</u>	<u>29,980</u>	<u>30,620</u>	<u>29,980</u>
	<u>5,356,958</u>	<u>3,891,781</u>	<u>5,163,725</u>	<u>3,729,256</u>

11. Loans and advances to customers

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Remaining maturity, net of suspended interest:				
- on demand or at short notice	384,820	363,500	675,855	503,030
- less than 3 months				
- to customers	6,599,871	3,735,715	9,649,871	6,035,715
- factoring debts	6,690,396	6,651,019	-	-
- 3 months to 1 year				
- to customers	10,079,606	13,836,599	10,079,606	14,336,599
- factoring debts	394,811	538,848	-	-
- 1 year to 5 years				
- to customers	6,203,900	837,324	6,553,900	1,137,324
- factoring debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	30,353,404	25,963,005	26,959,232	22,012,668
General and specific bad debt provisions	<u>(195,193)</u>	<u>(213,764)</u>	<u>(138,000)</u>	<u>(138,000)</u>
	<u>30,158,211</u>	<u>25,749,241</u>	<u>26,821,232</u>	<u>21,874,668</u>

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11. Loans and advances to customers (cont.)

The net amounts due may be analysed between the constituent areas of business, as follows:

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Disbursement funding	18,510,154	11,431,228	18,510,154	11,431,228
Property	4,740,044	7,323,910	4,740,044	7,323,910
Factoring subsidiary - loans	-	-	3,341,034	2,939,530
- loan stock	-	-	350,000	300,000
Factoring debts	7,081,013	7,149,809	-	-
General provision	(173,000)	(155,706)	(120,000)	(120,000)
	<u>30,158,211</u>	<u>25,749,241</u>	<u>26,821,232</u>	<u>21,874,668</u>

12. Provision for bad and doubtful debts

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Specific				
At 1 May	58,058	66,500	18,000	43,500
Charge to profit and loss account	88,146	27,540	146	-
Recoveries of amounts previously provided for	(15,473)	(23,482)	-	(13,000)
Amounts written off – provided for previously	(108,538)	(12,500)	(146)	(12,500)
At 30 April	<u>22,193</u>	<u>58,058</u>	<u>18,000</u>	<u>18,000</u>
General				
At 1 May	155,706	140,000	120,000	120,000
Charge to profit and loss account	17,294	15,706	-	-
As at 30 April	<u>173,000</u>	<u>155,706</u>	<u>120,000</u>	<u>120,000</u>

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13a. Investments in associates

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Quality Rating Limited				
- investment	45,000	-	45,000	2
- share of post tax profits	<u>17,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>62,136</u>	<u>-</u>	<u>45,000</u>	<u>2</u>

13b. Investments

	Company	
	2004 £	2003 £
Hampshire Bank Limited (100%)	2	-
Hampshire Trust Factors Limited (75%)	150,000	150,000
Hampshire Trust Nominees Limited (100%)	100	100
Nationwide Compensation Service Limited (100%)	2	2
Litigation Funding Limited (100%)	<u>1</u>	<u>1</u>
	<u>150,105</u>	<u>150,103</u>

Apart from Hampshire Trust Factors Limited, none of the other subsidiaries traded during the year.

On 4 May 2004 the minority shareholders of Hampshire Trust Factors Limited invested further capital into the company. As a result the Bank's investment reduced to 49.9% of the company's ordinary share capital.

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14. Tangible fixed assets

	Freehold Buildings	Equipment	Fixtures and fittings	Total
	£	£	£	£
Group				
Cost				
At 1 May 2003	404,298	470,689	66,194	941,181
Additions	523,489	79,720	14,604	617,813
Disposals	<u>-</u>	<u>(917)</u>	<u>(2,552)</u>	<u>(3,469)</u>
At 30 April 2004	<u>927,787</u>	<u>549,492</u>	<u>78,246</u>	<u>1,555,525</u>
Depreciation				
At 1 May 2003	-	268,823	40,090	308,913
Charge for year	7,852	81,750	6,115	95,717
Disposals	<u>-</u>	<u>(337)</u>	<u>(735)</u>	<u>(1,072)</u>
At 30 April 2004	<u>7,852</u>	<u>350,236</u>	<u>45,470</u>	<u>403,558</u>
Net book value at 30 April 2004	<u>919,935</u>	<u>199,256</u>	<u>32,776</u>	<u>1,151,967</u>
Net book value at 30 April 2003	<u>404,298</u>	<u>201,866</u>	<u>26,104</u>	<u>632,268</u>
Company				
Cost				
At 1 May 2003	404,298	386,413	58,717	849,428
Additions	-	61,877	5,097	66,974
Disposals	<u>-</u>	<u>(917)</u>	<u>-</u>	<u>(917)</u>
At 30 April 2004	<u>404,298</u>	<u>447,373</u>	<u>63,814</u>	<u>915,485</u>
Depreciation				
At 1 May 2003	-	219,003	37,886	256,889
Charge for year	-	65,907	5,074	70,981
Disposals	<u>-</u>	<u>(337)</u>	<u>-</u>	<u>(337)</u>
At 30 April 2004	<u>-</u>	<u>284,573</u>	<u>42,960</u>	<u>327,533</u>
Net book value at 30 April 2004	<u>404,298</u>	<u>162,800</u>	<u>20,854</u>	<u>587,952</u>
Net book value at 30 April 2003	<u>404,298</u>	<u>167,410</u>	<u>20,831</u>	<u>592,539</u>

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15. Customer accounts

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
With agreed maturity dates or periods of notice by remaining maturity:				
- on demand	1,457,974	1,352,408	1,458,079	1,352,513
- 3 months or less				
- customer accounts	1,161,211	1,519,319	1,161,211	1,519,319
- factoring loan creditors	3,548,334	3,643,109	-	-
- 3 months to 1 year	13,207,064	9,645,256	13,207,064	9,645,256
- 1 to 5 years	9,357,662	7,380,613	9,357,662	7,380,614
	<u>28,732,245</u>	<u>23,540,705</u>	<u>25,184,016</u>	<u>19,897,702</u>

16. Other liabilities

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Corporation tax	297,420	209,369	268,037	157,065
Other taxation and social security	63,291	46,916	27,451	23,755
Dividends	108,622	116,580	108,622	116,580
Other liabilities	128,800	137,831	125,236	136,414
	<u>598,133</u>	<u>510,696</u>	<u>529,346</u>	<u>433,814</u>

17. Accruals and deferred income

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Accruals	435,776	251,626	383,173	212,900
Deferred income re disbursement funding	346,863	561,125	346,866	561,125
	<u>782,639</u>	<u>812,751</u>	<u>730,039</u>	<u>774,025</u>

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18. Deferred taxation

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Tax effect of timing differences because of:				
- Excess of tax allowances over depreciation	8,897	8,692	6,078	7,424
- Short term timing differences	(65,890)	(43,843)	(55,820)	(36,760)
- Pension contribution provision	(1,175)	—	(1,031)	—
	<u>(58,168)</u>	<u>(35,151)</u>	<u>(50,773)</u>	<u>(29,336)</u>
Movement in provisions				
At 1 May	(35,151)	(37,528)	(29,336)	(34,812)
Charge to profit (note 8a)	<u>(23,017)</u>	<u>2,377</u>	<u>(21,437)</u>	<u>5,476</u>
At 30 April	<u>(58,168)</u>	<u>(35,151)</u>	<u>(50,773)</u>	<u>(29,336)</u>

The deferred tax asset has been included in Other Assets on the balance sheet.

19. Called up share capital

	2004 £	2003 £
Authorised		
Ordinary shares of £1 each	5,000,000	5,000,000
Class A preference shares of £1 each	2,500,000	2,000,000
Class B preference shares of £1 each	—	500,000
	<u>7,500,000</u>	<u>7,500,000</u>
Allotted, called up and fully paid Equity		
£1 Ordinary shares	2,835,863	2,785,863
Non-equity		
Class A £1 preference shares	1,500,000	1,000,000
Class B £1 preference shares	—	165,000
	<u>4,335,863</u>	<u>3,950,863</u>
Share capital		
At 1 May	3,950,863	2,093,621
New issues		
- Class A £1 Preference Shares	500,000	—
- £1 Ordinary Shares (bonus issue)	—	1,857,242
- £1 Ordinary Shares	50,000	—
Cancelled shares - Class B £1 Preference Shares	<u>(165,000)</u>	—
At 30 April	<u>4,335,863</u>	<u>3,950,863</u>

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- a. On 22 October 2003 50,000 Ordinary £1 Shares were issued to key members of staff.
- b. On 2 April 2004 the 165,000 Class B £1 Preference Shares were cancelled and 453,750 Class A £1 Preference Shares issued in their stead. On 29 April 2004 a further 46,250 Class A £1 Preference Shares were issued for cash.
- c. The Class A £1 Preference Shares carry a cumulative dividend based upon a 2% margin on the gross interest rate payable to six month quarterly income depositors. The shares do not carry voting rights. In the event of a winding up of the Bank, the claims of the shareholders rank behind those of the ordinary creditors.

20. Reserves

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Profit and loss				
At 1 May	1,194,374	2,360,034	1,089,602	2,360,034
Bonus issue (£1 Ordinary Shares)	-	(1,857,242)	-	(1,857,242)
Cancellation of Class B £1 Preference Shares	(288,750)	-	(288,750)	-
Retained profit for the year	<u>1,083,431</u>	<u>691,582</u>	<u>986,696</u>	<u>586,810</u>
At 30 April	<u>1,989,055</u>	<u>1,194,374</u>	<u>1,787,548</u>	<u>1,089,602</u>
Share premium				
At 1 May	244,184	244,184	244,184	244,184
Issue of new £1 Ordinary Shares	26,000	-	26,000	-
Issue costs	<u>(2,355)</u>	<u>-</u>	<u>(2,355)</u>	<u>-</u>
At 30 April	<u>267,829</u>	<u>244,184</u>	<u>267,829</u>	<u>244,184</u>

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21. Reconciliation of movements in shareholders' funds

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Opening shareholders' funds	5,389,421	4,697,839	5,284,649	4,697,839
Profit for the financial year	1,083,431	691,582	986,696	586,810
Issue of Class A £1 Preference Shares	500,000	-	500,000	-
Cancellation of Class B £1 Preference Shares	(165,000)	-	(165,000)	-
- capitalisation of reserves	(288,750)	-	(288,750)	-
New £1 Ordinary Shares - nominal value	50,000	-	50,000	-
- share premium	26,000	-	26,000	-
Issue costs	(2,355)	-	(2,355)	-
Closing shareholders' funds	<u>6,592,747</u>	<u>5,389,421</u>	<u>6,391,240</u>	<u>5,284,649</u>

The split of shareholders' funds is as follows:

Equity				
Interests of the ordinary shareholders	<u>5,092,747</u>	<u>4,224,421</u>	<u>4,891,240</u>	<u>4,119,649</u>
Non-equity				
Interests of the Class A preference shareholders	1,500,000	1,000,000	1,500,000	1,000,000
Interests of the Class B preference shareholders	-	165,000	-	165,000
	<u>1,500,000</u>	<u>1,165,000</u>	<u>1,500,000</u>	<u>1,165,000</u>
Closing shareholders' funds	<u>6,592,747</u>	<u>5,389,421</u>	<u>6,391,240</u>	<u>5,284,649</u>

22. Minority interest

	Group	
	2004 £	2003 £
Re Hampshire Trust Factors Limited	<u>111,457</u>	<u>84,924</u>

23. Memorandum commitments

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Commitments in relation to retentions of loans and advances re:				
- property loans	968,740	149,403	968,740	149,403
- disbursement funding	1,156,679	987,166	1,156,679	987,166
- factoring advances	489,932	309,061	-	-
	<u>2,615,351</u>	<u>1,445,630</u>	<u>2,125,419</u>	<u>1,136,569</u>

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23. Memorandum commitments (cont.)

In addition to the above, the Bank has undrawn commitments to Hampshire Trust Factors Limited as follows:

	Company	
	2004	2003
	£	£
Overdraft and accrued interest	58,367	210,470
Loan facility	1,450,000	1,700,000
Subordinated loan stock facility	<u>150,000</u>	<u>200,000</u>
	<u>1,658,367</u>	<u>2,110,470</u>

As part of the restructuring of Hampshire Trust Factors Limited noted elsewhere in the report, the amounts due from that company have since been repaid and the facilities withdrawn.

24. Reconciliation of consolidated operating profit to net operating cash

	2004	2003
	£	£
Group operating profit	1,813,442	1,278,735
(Increase)/decrease in prepayments and accrued income	275	(1,641)
Increase/(decrease) in accruals and deferred income	(30,112)	332,756
Provision for bad and doubtful debts	17,294	43,246
Loans and advances written off net of recoveries	72,673	(23,482)
Depreciation	95,717	81,982
Effect of other deferrals and accruals on operating activity cash flow	<u>82,104</u>	<u>(108,486)</u>
Net cash flow from trading activities	2,051,393	1,603,110
Net (decrease)/increase in deposits by customers	5,191,540	(119,520)
Net (increase) in loans to customers	(4,408,970)	(3,322,739)
Net decrease/(increase) in loans and advances to banks*	<u>(288,255)</u>	<u>1,456,640</u>
Net cash (outflow)/ inflow from operating activities (see page 14)	<u>2,545,708</u>	<u>(382,509)</u>

* excludes cash and funds repayable on demand.

25. Analysis of the balances of cash as shown in the balance sheet

	2004	2003	Cash	2003	2002	Cash
	£	£	Flow	£	£	Flow
			£			£
Group						
Cash in hand	750	750	-	750	750	-
Loans and advances to banks repayable on demand	<u>3,327,840</u>	<u>2,150,918</u>	<u>1,176,922</u>	<u>2,150,918</u>	<u>3,141,233</u>	<u>(990,315)</u>
	<u>3,328,590</u>	<u>2,151,668</u>	<u>1,176,922</u>	<u>2,151,668</u>	<u>3,141,983</u>	<u>(990,315)</u>

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26. Financial commitments

At 30 April 2004 the annual commitments under non-cancellable operating leases were as follows:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Expiring				
- within one year (land and buildings)	-	10,750	-	-
- between one and two years (other)	-	-	-	-
- between five and ten years (other)	<u>3,984</u>	<u>3,984</u>	<u>-</u>	<u>-</u>
	<u>3,984</u>	<u>14,734</u>	<u>-</u>	<u>-</u>

27. Financial instruments

Part of the Bank's return on its assets is obtained from controlled mis-matching of the dates on which interest receivable on assets and interest payable on liabilities are varied or, if earlier, maturity dates. The table below summarises these re-pricing mis-matches for the group and include short term debtors and creditors. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

As at 30 April 2004	Contractual Interest Rate Re-pricing Date, or Maturity Date if earlier						Total
	0-3	Months 3-6	6-12	Years 1-5	Beyond	Non Interest Bearing	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Loans and advances							
- financial institutions	5,357						5,357
- customers	22,482	1,350	2,762	16			26,610
- surplus factoring debtors						3,548	3,548
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,302</u>	<u>1,302</u>
Total assets	<u>27,839</u>	<u>1,350</u>	<u>2,762</u>	<u>16</u>	<u>-</u>	<u>4,850</u>	<u>36,817</u>
Liabilities							
Customer accounts – deposits	18,972	492	2,719	3,001			25,184
- surplus factoring liabilities						3,548	3,548
Other liabilities						1,381	1,381
Minority interest and shareholders' funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,704</u>	<u>6,704</u>
Total liabilities	<u>18,972</u>	<u>492</u>	<u>2,719</u>	<u>3,001</u>	<u>-</u>	<u>11,633</u>	<u>36,817</u>
Interest rate sensitivity gap							
- period	8,867	858	43	(2,985)	-	(6,783)	-
- cumulative	<u>8,867</u>	<u>9,725</u>	<u>9,768</u>	<u>6,783</u>	<u>6,783</u>	<u>-</u>	<u>-</u>

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27. Financial instruments (cont)

As at 30 April 2003	Contractual Interest Rate Re-pricing Date, or Maturity Date if earlier						Total
	0-3	Months 3-6	6-12	1-5	Years Beyond	Non Interest Bearing	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Loans and advances							
- financial institutions	3,892					1	3,893
- customers	15,928	1,930	3,641	607			22,106
- surplus factoring debtors						3,643	3,643
Other assets	-	-	-	-	-	697	697
Total assets	<u>19,820</u>	<u>1,930</u>	<u>3,641</u>	<u>607</u>	<u>-</u>	<u>4,341</u>	<u>30,339</u>
Liabilities							
Customer accounts – deposits	19,898					-	19,898
- surplus factoring liabilities						3,643	3,643
Other liabilities						1,323	1,323
Minority interest and shareholders' funds	-	-	-	-	-	5,475	5,475
Total liabilities	<u>19,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,441</u>	<u>30,339</u>
Interest rate sensitivity gap							
- period	(78)	1,930	3,641	607	-	(6,100)	
- cumulative	<u>(78)</u>	<u>1,852</u>	<u>5,493</u>	<u>6,100</u>	<u>6,100</u>	<u>-</u>	

The Bank has not traded in derivatives or other complex financial instruments (see directors report concerning Financial Reporting Statement 13, page 6).

There is no active liquid market in any of the Bank's financial instruments.

28. Related party transactions

A number of directors and parties connected with the directors held deposit accounts with the Bank. Balances with individual directors have not been disclosed, as permitted under the banking confidentiality exemption.

The Bank had no other material business dealings with any connected party other than those disclosed in this report.

Hampshire Trust Plc

29. Pensions

All Group directors and staff are able to contribute to one of two defined contribution pension schemes, one of which is a stakeholder pension scheme. The assets of the schemes are held separately from those of the Bank. The schemes are managed and administered by third parties. The relevant financial information relating to the schemes is as follows:

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Pension costs	<u>56,672</u>	<u>42,868</u>	<u>43,701</u>	<u>33,772</u>
Year end accrual	<u>5,217</u>	<u>3,951</u>	<u>3,436</u>	<u>2,534</u>

There are no year end prepayments relating to either scheme.

30. Principle Undertakings

Apart from the Bank itself, the principle trading companies within the group are as follows:

Company	Holding	Business
Hampshire Trust Factors Ltd	75%	Factoring
Quality Rating Limited	45%	Auditing/vetting

All the companies have been incorporated and trade in the UK.

31. Post Balance Sheet events

As noted in the directors report and note 13b, on 4 May 2004, 100,001 £1 Ordinary Shares were issued to the minority shareholders of Hampshire Trust Factors Limited at a price of £2 per share reducing the Bank's holding to 49.9% of the issued share capital.

Five Year Financial Summary

		2004	2003	2002	2001	2000
<u>Consolidated</u>						
Profit before tax	£'000	1,835	1,279	1,035	845	642
Equity shareholders' funds	£'000	5,093	4,224	3,533	2,932	2,494
Return on equity capital	%	28	22	23	20	17
Risk asset ratio	%	19	20	21	20	20
<u>Entity</u>						
Profit before tax	£'000	1,680	1,075	961	779	641
Ordinary dividend	£'000	101	86	75	65	57

HAMPSHIRE TRUST PLC

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A bank authorised and regulated by the Financial Services Authority