

Professional Financial Centre (Cornwall) Limited

Report of the Director and

Financial Statements for the Year Ended 31 January 2006



**Professional Financial Centre (Cornwall)
Limited**

**Contents of the Financial Statements
For The Year Ended 31 January 2006**

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**Professional Financial Centre (Cornwall)
Limited**

**Company Information
For The Year Ended 31 January 2006**

DIRECTOR: A R Deacon

SECRETARY: Mrs A K Upfold

REGISTERED OFFICE: The Old Fire Station
The Moor
Falmouth
Cornwall
TR11 3QA

REGISTERED NUMBER: 04868939 (England and Wales)

AUDITORS: Hodgsons
48 Arwenack Street
Falmouth
Cornwall
TR11 3JH

BANKERS: Barclays plc
6 Killigrew Street
Falmouth
Cornwall

**Professional Financial Centre (Cornwall)
Limited**

**Report of the Director
For The Year Ended 31 January 2006**

The director presents his report with the financial statements of the company for the year ended 31 January 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of independent financial advisors.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

This is the second year of trading for the company and following losses in the first year the company is now trading profitably. The director envisages that the company will continue to trade profitably in the future.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2006.

DIRECTOR

A R Deacon was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.1.06	1.2.05
Ordinary £1 shares	10,000	10,000

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

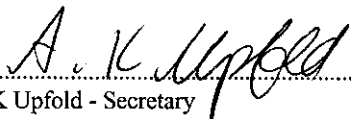
**Professional Financial Centre (Cornwall)
Limited**

**Report of the Director
For The Year Ended 31 January 2006**

AUDITORS

The auditors, Hodgsons, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
Mrs A K Upfold - Secretary

Date: 14 June 2006

**Report of the Independent Auditors to the Shareholders of
Professional Financial Centre (Cornwall)
Limited**

We have audited the financial statements of Professional Financial Centre (Cornwall) Limited for the year ended 31 January 2006 on pages five to sixteen. 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 director and auditors

As described on page two the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Director 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

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Hodgsons
48 Arwenack Street
Falmouth
Cornwall
TR11 3JH

Date:16 06 06.....

**Professional Financial Centre (Cornwall)
Limited**

**Profit and Loss Account
For The Year Ended 31 January 2006**

		Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	Notes	£	£
TURNOVER		338,245	228,359
Cost of sales		<u>50,296</u>	<u>62,804</u>
GROSS PROFIT		287,949	165,555
Administrative expenses		<u>247,224</u>	<u>212,001</u>
OPERATING PROFIT/(LOSS)	3	40,725	(46,446)
Interest payable and similar charges	4	<u>2,899</u>	<u>3,193</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		37,826	(49,639)
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		<u>37,826</u>	<u>(49,639)</u>
RETAINED PROFIT/(DEFICIT) FOR THE YEAR		<u><u>37,826</u></u>	<u><u>(49,639)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the year. All of the company's activities were acquired during the previous period.

The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Statement of Total Recognised Gains and Losses
For The Year Ended 31 January 2006**

	Year Ended 31.1.06 £	Period 18.8.03 to 31.1.05 as restated £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	37,826	(49,639)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>37,826</u>	<u>(49,639)</u>
Prior year adjustment	Note 6 <u>(9,341)</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u><u>28,485</u></u>	

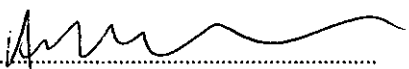
The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Balance Sheet
31 January 2006**

		2006		2005 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Goodwill	7		16,627		18,706
Tangible assets	8		10,317		12,481
			<u>26,944</u>		<u>31,187</u>
CURRENT ASSETS					
Debtors	9	81,097		16,111	
Cash at bank and in hand		20,360		46	
		<u>101,457</u>		<u>16,157</u>	
CREDITORS					
Amounts falling due within one year	10	97,987		68,779	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,470</u>		<u>(52,622)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>30,414</u>		<u>(21,435)</u>
CREDITORS					
Amounts falling due after more than one year	11		32,227		18,204
NET LIABILITIES			<u>(1,813)</u>		<u>(39,639)</u>
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Profit and loss account	16		(11,813)		(49,639)
SHAREHOLDERS' FUNDS	19		<u>(1,813)</u>		<u>(39,639)</u>

ON BEHALF OF THE BOARD:


.....
A R Deacon - Director

Approved by the Board on 14 June 2006

The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Cash Flow Statement
For The Year Ended 31 January 2006**

		Year Ended 31.1.06		Period 18.8.03 to 31.1.05 as restated	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(17,940)		(19,322)
Returns on investments and servicing of finance	2		(2,899)		(3,193)
Capital expenditure	2		(1,195)		(36,387)
			(22,034)		(58,902)
Financing	2		14,485		33,688
Decrease in cash in the period			(7,549)		(25,214)
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(7,549)		(25,214)	
Cash inflow from increase in debt		(14,485)		(23,688)	
Change in net debt resulting from cash flows			(22,034)		(48,902)
Movement in net debt in the period			(22,034)		(48,902)
Net debt at 1 February			(48,902)		-
Net debt at 31 January			(70,936)		(48,902)

The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Cash Flow Statement
For The Year Ended 31 January 2006**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	£	£
Operating profit/(loss)	40,725	(46,446)
Depreciation charges	5,438	5,200
Increase in debtors	(64,986)	(16,111)
Increase in creditors	883	38,035
Net cash outflow from operating activities	<u>(17,940)</u>	<u>(19,322)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	£	£
Returns on investments and servicing of finance		
Interest paid	(2,899)	(3,193)
Net cash outflow for returns on investments and servicing of finance	<u>(2,899)</u>	<u>(3,193)</u>
Capital expenditure		
Purchase of intangible fixed assets	-	(20,785)
Purchase of tangible fixed assets	(1,195)	(15,602)
Net cash outflow for capital expenditure	<u>(1,195)</u>	<u>(36,387)</u>
Financing		
New loans in year	20,000	30,000
Loan repayments in year	(5,515)	(6,312)
Share issue	-	10,000
Net cash inflow from financing	<u>14,485</u>	<u>33,688</u>

The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Cash Flow Statement
For The Year Ended 31 January 2006**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.05 £	Cash flow £	At 31.1.06 £
Net cash:			
Cash at bank and in hand	46	20,314	20,360
Bank overdraft	(25,260)	(27,863)	(53,123)
	<u>(25,214)</u>	<u>(7,549)</u>	<u>(32,763)</u>
Debt:			
Debts falling due within one year	(5,484)	(462)	(5,946)
Debts falling due after one year	(18,204)	(14,023)	(32,227)
	<u>(23,688)</u>	<u>(14,485)</u>	<u>(38,173)</u>
Total	<u>(48,902)</u>	<u>(22,034)</u>	<u>(70,936)</u>

The notes form part of these financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements
For The Year Ended 31 January 2006**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of 10 years.

Tangible fixed assets

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

Plant and machinery - 20% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Going Concern

The company sustained losses during its first year of trading, but is now trading at a profit. However, net liabilities exist at the the 31st January 2006 due to the first year losses. The company is anticipating to continue to trade profitably and is currently operating well within its agreed financial limit. In addition, the partners of Hine Downing, the ultimate controlling party of Professional Financial Centre (Cornwall) Ltd are committed to ensuring that the company continues to trade.

2. STAFF COSTS

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	£	£
Wages and salaries	154,523	129,833
Social security costs	16,880	13,786
	<u>171,403</u>	<u>143,619</u>

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements - continued
For The Year Ended 31 January 2006**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
Sales	4	4
Administration	3	2
	<u>7</u>	<u>6</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2005 - operating loss) is stated after charging:

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	£	£
Hire of plant and machinery	319	197
Depreciation - owned assets	3,359	3,121
Goodwill amortisation	2,079	2,079
Auditors remuneration	1,727	1,175
Auditors' remuneration for non audit work	3,684	2,056
	<u>12,750</u>	<u>17,000</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31.1.06	Period 18.8.03 to 31.1.05 as restated
	£	£
Bank interest	2,899	3,193

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 January 2006 nor for the period ended 31 January 2005.

6. PRIOR YEAR ADJUSTMENT

Omitted in the previous year was an accrual for £9,341 for which the invoice was received in January 2006. The financial statements for 31/01/05 have been restated with the loss for the year being increased by £9,341 and net liabilities being increased by a corresponding amount.

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements - continued
For The Year Ended 31 January 2006**

7. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 February 2005	
and 31 January 2006	20,785
AMORTISATION	
At 1 February 2005	2,079
Amortisation for year	2,079
At 31 January 2006	4,158
NET BOOK VALUE	
At 31 January 2006	16,627
At 31 January 2005	18,706

8. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 February 2005	15,601
Additions	1,195
At 31 January 2006	16,796
DEPRECIATION	
At 1 February 2005	3,120
Charge for year	3,359
At 31 January 2006	6,479
NET BOOK VALUE	
At 31 January 2006	10,317
At 31 January 2005	12,481

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005 as restated
	£	£
Trade debtors	79,236	14,946
Prepayments	1,861	1,165
	81,097	16,111

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements - continued
For The Year Ended 31 January 2006**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005 as restated
	£	£
Bank loans and overdrafts (see note 12)	59,069	30,744
Trade creditors	17,554	21,419
Social security and other taxes	2,537	4,044
Accrued expenses	18,827	12,572
	<u>97,987</u>	<u>68,779</u>

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

	2006	2005 as restated
	£	£
Bank loans (see note 12)	12,227	18,204
Other loans (see note 12)	20,000	-
	<u>32,227</u>	<u>18,204</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2006	2005 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	53,123	25,260
Bank loans - less than 1 yr	5,946	5,484
	<u>59,069</u>	<u>30,744</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>6,342</u>	<u>5,784</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	5,885	12,420
Subordinated loan	20,000	-
	<u>25,885</u>	<u>12,420</u>

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements - continued
For The Year Ended 31 January 2006**

13. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2006	2005 as restated
	£	£
Expiring: Between one and five years	11,250	11,250
	<u>11,250</u>	<u>11,250</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2006	2005 as restated
	£	£
Bank overdrafts	53,123	25,260
Bank loans	18,173	23,688
	<u>71,296</u>	<u>48,948</u>

The company's debts are secured by a debenture dated 04th November 2003. This is a fixed and floating charge over all the assets of the company.

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2006	2005 as restated
			£	£
10,000	Ordinary	£1	10,000	10,000
			<u>10,000</u>	<u>10,000</u>

16. RESERVES

	Profit and loss account £
At 1 February 2005	(40,298)
Prior year adjustment	(9,341)
	<u>(49,639)</u>
Retained profit for the year	37,826
At 31 January 2006	<u>(11,813)</u>

**Professional Financial Centre (Cornwall)
Limited**

**Notes to the Financial Statements - continued
For The Year Ended 31 January 2006**

17. RELATED PARTY DISCLOSURES

Transactions

The partners of Hine Downing are the ultimate controlling party of Professional Financial Centre (Cornwall) Ltd. During the year Hine Downing made a subordinated loan to the company of £20,000 which was still owing as at 31st January 2006 and is shown within creditors due after more than one year. In addition there is a further agreement for an additional £30,000 subordinated loan from Hine Downing which the company can draw down at any time.

18. ULTIMATE CONTROLLING PARTY

The company shares are held by the director A R Deacon on behalf of the partners of Hine Downing, who are the ultimate controlling party of Professional Financial Centre (Cornwall) Ltd.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005 as restated
	£	£
Profit/(Loss) for the financial year	37,826	(49,639)
Issued share capital	-	10,000
	<u>37,826</u>	<u>(39,639)</u>
Net addition/(reduction) to shareholders' funds	37,826	(39,639)
Opening shareholders' funds (originally £(30,298) before prior year adjustment of £(9,341))	<u>(39,639)</u>	<u>-</u>
Closing shareholders' funds	<u>(1,813)</u>	<u>(39,639)</u>
Equity interests	<u>(1,813)</u>	<u>(39,639)</u>

**Professional Financial Centre (Cornwall)
Limited**

**Trading and Profit and Loss Account
For The Year Ended 31 January 2006**

	Year Ended 31.1.06		Period 18.8.03 to 31.1.05 as restated	
	£	£	£	£
Turnover				
Nationwide commission	42,604		13,520	
Renewal commission	116,064		90,495	
Initial commission	100,110		79,697	
Fee income (clients)	68,565		36,955	
Fee income (commission off set)	10,902		7,692	
	<u> </u>	338,245	<u> </u>	228,359
Cost of sales				
Commission	37,326		43,005	
Franchise fee	12,970		19,799	
	<u> </u>	50,296	<u> </u>	62,804
GROSS PROFIT		287,949		165,555
Expenditure				
Hire of equipment	319		197	
Rent	6,930		7,433	
Rates and water	2,867		3,006	
Insurance	7,584		9,110	
Light and heat	1,303		1,114	
Cleaning	2,676		2,507	
Directors' salaries	12,750		17,000	
Wages	141,773		112,833	
Social security	16,880		13,786	
Telephone	2,923		2,840	
Post and stationery	3,628		1,855	
Advertising	3,315		1,572	
Motor expenses	3,831		734	
Computer support	14,771		9,479	
Repairs and renewals	1,633		1,210	
Sundry expenses	486		3,228	
Training	146		1,475	
Book keeping	3,600		4,335	
FSA	8,222		9,053	
Subscriptions	385		432	
Professional fees	-		165	
Auditors remuneration	1,727		1,175	
Auditors' remuneration for non audit work	3,684		2,056	
Entertainment	193		206	
	<u> </u>	241,626	<u> </u>	206,801
		46,323		(41,246)
Finance costs				
Bank charges	160		-	
Bank interest	2,899		3,193	
	<u> </u>	3,059	<u> </u>	3,193
Carried forward		43,264		(44,439)

This page does not form part of the statutory financial statements

**Professional Financial Centre (Cornwall)
Limited**

**Trading and Profit and Loss Account
For The Year Ended 31 January 2006**

	Year Ended 31.1.06		Period 18.8.03 to 31.1.05 as restated	
	£	£	£	£
Brought forward		43,264		(44,439)
Depreciation				
Amort of goodwill	2,079		2,079	
Short leasehold	-		1	
Plant and machinery	3,359		3,120	
		<u>5,438</u>		<u>5,200</u>
NET PROFIT/(LOSS)		<u><u>37,826</u></u>		<u><u>(49,639)</u></u>

This page does not form part of the statutory financial statements