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VFM ASSOCIATES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2002
COMPANY NUMBER 2737626 (ENGLAND & WALES)

DIX VOGAN LIMITED
CHARTERED ACCOUNTANTS



DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2002

The directors present their report and financial statements for the year ended 31 October 2002.

Principal activity

The company's principal activity throughout the year continued to be the provision of training courses for clients in the business and retail sector.

Statement of directors' responsibilities

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 of the profit or loss of the company 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;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for the detection of fraud and other irregularities.

Directors

The directors who served throughout the year, together with details of their interests in the company's share capital at 31 October 2002 and 31 October 2001 were as follows:

	Number of shares	
	At 31.10.02	At 31.10.01
P Ceci	400	450
I E J Fairbairn	400	450
M J Grimshaw	200	100

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution to re-appoint Dix Vogan Limited as auditors will be put to the Annual General Meeting.

Small company rules

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies was approved by the board on 2 December 2002 and signed on its behalf.



Peter Ceci
Director

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
VFM ASSOCIATES LIMITED**

We have audited the financial statements on pages 3 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and the auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an opinion, based on our audit, on those statements and to report our opinion to you.

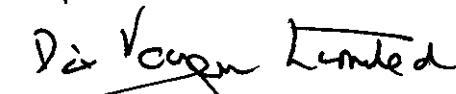
Basis of opinion

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 adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Dix Vogan Limited

**Chartered Accountants and
Registered Auditors**

2 Chancery Lane
Wakefield
WF1 2SS

10 December 2002

VFM ASSOCIATES LIMITED**3.****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 OCTOBER 2002**

	Note	2002 £	2001 £
Turnover	2	510,322	313,639
Cost of sales		(340,154)	(222,752)
		-----	-----
Gross profit		170,168	90,887
Administrative costs		(82,702)	(85,864)
		-----	-----
Profit on ordinary activities before interest	3	87,466	5,023
Interest receivable		37	-
Interest payable	4	(2,437)	(2,758)
		-----	-----
Profit on ordinary activities before taxation		85,066	2,265
Taxation	5	(15,095)	(1,188)
		-----	-----
Profit on ordinary activities after taxation		69,971	1,077
Proposed dividend		(75,000)	-
		-----	-----
(Deficit) retained profit for the year		(5,029)	1,077
Retained profit brought forward		26,410	25,333
		-----	-----
Retained profit carried forward		21,381	26,410
		-----	-----

The notes on pages 5 to 9 form part of these financial statements.

BALANCE SHEET AS AT

31 OCTOBER 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	6		17,557		39,867
Current assets					
Debtors	7	135,915		46,944	
Cash at bank		22,745		14,391	
		<u>158,660</u>		<u>61,335</u>	
Creditors: Amounts falling due within one year	8	<u>151,207</u>		<u>70,948</u>	
Net current assets (liabilities)			7,453		(9,613)
Total assets less current liabilities			<u>25,010</u>		<u>30,254</u>
Creditors: Amounts falling due after more than one year	9		-		(2,844)
Provisions for liabilities and charges					
Deferred tax	10		(2,629)		-
			<u>22,381</u>		<u>27,410</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			21,381		26,410
Shareholders' funds			<u>22,381</u>		<u>27,410</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the board on 2 December 2002 and signed on its behalf.



Peter Ceci
Director

The notes on pages 5 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2002

1. ACCOUNTING POLICIES

- a. These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

- b. Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives on the following bases:

Motor vehicles	25% per annum straight line
Fixtures and fittings	15% per annum reducing balance

- c. Assets being acquired under hire purchase contracts and finance leases are capitalised at their fair value and written down to their estimated residual value over their estimated useful life in accordance with the company's policy for tangible fixed assets. The interest portions of the instalments are charged to the profit and loss account in the period in which they fall due.
- d. Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.
- e. Provision is made at current rates for taxation deferred in respect of material timing differences, except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not crystallise in the foreseeable future.
- f. The company operates a defined contribution pension scheme and the pension charge of £7,462 (2001: £4,930) represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2002

2. TURNOVER

In the years ended 31 October 2002 and 31 October 2001 all of the company's turnover was to customers in the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

The profit on ordinary activities before interest is stated after charging (crediting):

	2002 £	2001 £
Depreciation of tangible fixed assets		
- owned by the company	2,167	1,752
- held under hire purchase contracts	4,171	18,276
Profit on sale of fixed assets	(6,150)	-
Operating leases - property	10,996	7,440
Directors' emoluments (excluding pension contributions)	134,733	153,092
Directors' pension contributions	5,555	2,970
Auditors' remuneration	1,855	1,760
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4. INTEREST PAYABLE

	2002 £	2001 £
On bank overdraft	2	27
On hire purchase contracts	2,435	2,731
	-----	-----
	2,437	2,758
	-----	-----

5. TAXATION

	2002 £	2001 £
Corporation tax at 19.4% (2001: 10.0%)	12,466	1,188
Deferred tax	2,629	-
	-----	-----
	15,095	1,188
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2002

6. FIXED ASSETS

Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Total £
Cost:			
At 1 November 2001	73,110	30,358	103,468
Additions	-	3,998	3,998
Disposals	(73,110)	-	(73,110)
	-----	-----	-----
At 31 October 2002	-	34,356	34,356
	-----	-----	-----
Accumulated depreciation:			
At 1 November 2001	48,969	14,632	63,601
Charge for the year	4,171	2,167	6,338
On disposals	(53,140)	-	(53,140)
	-----	-----	-----
At 31 October 2002	-	16,799	16,799
	-----	-----	-----
Net book value:			
At 31 October 2002	-	17,557	17,557
	-----	-----	-----
At 31 October 2001	24,141	15,726	39,867
	-----	-----	-----

7. DEBTORS

	2002 £	2001 £
Trade debtors	128,528	38,003
Other debtors and prepayments	7,387	8,941
	-----	-----
	135,915	46,944
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2002

8. CREDITORS: amounts falling due within one year

	2002 £	2001 £
Current instalments on:		
Net obligations under hire purchase contracts (secured)	-	10,890
Trade creditors	30,986	1,273
Corporation tax	12,765	1,190
Other taxes and social security costs	15,106	8,112
Other creditors and accruals	92,350	49,483
	<u>151,207</u>	<u>70,948</u>

9. CREDITORS: amounts falling due after more than one year

	2002 £	2001 £
Instalments falling due after more than one year on :		
Net obligations under hire purchase contracts (secured)	-	2,844
	<u>-</u>	<u>2,844</u>

The hire purchase liabilities are repayable by instalments within five years of the balance sheet date.

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	£
Balance at 1 November 2001	-
Charge for the year	2,629
	<u>2,629</u>
Balance at 31 October 2002	<u>2,629</u>

The balance at 31 October 2002 is made up of accelerated capital allowances. At that date there was no amount not provided for. At 31 October 2001 the company had a deferred tax asset of £1,599 in respect of accelerated capital allowances which was not included in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2002

11. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
10,000 Ordinary shares of £1 each	10,000	10,000
	-----	-----
Allotted, issued and fully paid up:		
1,000 Ordinary shares of £1 each	1,000	1,000
	-----	-----

12. MOVEMENT ON SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the year	69,971	1,077
Proposed dividend	(75,000)	-
	-----	-----
	(5,029)	1,077
Opening shareholders' funds	27,410	26,333
	-----	-----
Closing shareholders' funds	22,381	27,410
	-----	-----

13. FINANCIAL COMMITMENTS**Operating lease commitments**

At 31 October 2002 the company had an annual commitment of £10,080 (2001: £10,080) under a non-cancellable operating lease for the premises from which it operates. The lease expires after more than one year and less than five years from the balance sheet date.

14. RELATED PARTIES

No one person controls the company.

P Ceci and I Fairbairn have each given personal guarantees to secure the company's bank overdraft facility.

15. INFORMATION REGARDING DIRECTORS**- Financial transactions**

On 1 February 2002 the company made an advance of £3,500 to M Grimshaw. The loan was repaid on 21 June 2002. There were no amounts outstanding at 31 October 2002 or 31 October 2001. No interest was charged on the outstanding balance.

During the year P Ceci and M Grimshaw each purchased a motor vehicle from the company at its market value.