

W DENIS FINANCIAL SERVICES LIMITED
Company No: 2084973

Consolidated Financial Statements
31 December 2001



DIRECTORS' REPORT
31 December 2001

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the group are the provision of personal and corporate financial planning and pension management.

RESULTS AND DIVIDENDS

Details of the results for the year are shown in the profit and loss account and the related notes.

The directors recommend that no dividends be paid.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

The directors do not consider the introduction of the Euro will affect the group's business or operations.

DIRECTORS

The directors who have served during the year together with their beneficial interests in the ordinary shares of the company were as follows:

	At 31 December 2000 & 31 December 2001
H A Thew	5,100
D G Siddall	4,900

CLOSE COMPANY

In the opinion of the directors the close company provisions of the Income & Corporation Taxes Act 1988 apply to the company.

DIRECTORS' REPORT (continued)
31 December 2001

AUDITORS

The re-appointment of O'Brien & Co, Chartered Accountants, will be proposed at the Annual General Meeting.


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 the group and of the profit of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 group will continue to operate.

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 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.

By Order of the Board


P A THEW
Secretary

11 April 2002

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF W DENIS FINANCIAL SERVICES LIMITED

We have audited the financial statements of W Denis Financial Services Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Group and Company Balance Sheets, the Statement of Total Recognised Gains And Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

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

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 company's and the group'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 the group's and the company's affairs as at 31 December 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



O'BRIEN & CO
Chartered Accountants
& Registered Auditors
31A Finkle Street
SELBY YO8 4DT

11 April 2002

GROUP PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2001

	note	2001	2000
		£	£
TURNOVER	2	287,799	245,349
Administrative Expenses		<u>286,010</u>	<u>246,283</u>
OPERATING PROFIT/(LOSS)		1,789	(934)
Interest Receivable	3	<u>13,181</u>	<u>16,182</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	14,970	15,248
Tax on profit on ordinary activities	6	<u>3,407</u>	<u>3,310</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u><u>11,563</u></u>	<u><u>11,938</u></u>

The group's turnover and expenses relate to continuing operations.

STATEMENT OF GROUP RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2001

	£	£
Profit for the Financial Year	11,563	11,938
Unrealised surplus on revaluation of interest in freehold property	<u>36,536</u>	<u>-</u>
TOTAL GAINS AND LOSSES FOR THE YEAR	<u><u>48,099</u></u>	<u><u>11,938</u></u>

NOTE OF HISTORICAL PROFITS AND LOSSES

	£	£
Reported profit on ordinary activities before tax	14,970	15,248
Difference between a historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>973</u>	<u>613</u>
Historical cost profit on ordinary activities	<u><u>15,943</u></u>	<u><u>15,861</u></u>
Historical cost profit for the year retained after tax	<u><u>12,536</u></u>	<u><u>12,551</u></u>

GROUP BALANCE SHEET
31 December 2001

	note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		194,480		160,768
CURRENT ASSETS					
Debtors	10	19,820		20,011	
Cash at bank & in hand		170,590		141,958	
		<u>190,410</u>		<u>161,969</u>	
CREDITORS: amounts falling due within one year	11	<u>100,622</u>		<u>86,844</u>	
NET CURRENT ASSETS			<u>89,788</u>		<u>75,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			284,268		235,893
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred Tax	12		<u>2,298</u>		<u>2,022</u>
			<u>281,970</u>		<u>233,871</u>
 CAPITAL AND RESERVES					
Called up share capital	13		10,000		10,000
Revaluation reserve	14		86,502		49,966
Profit and loss account	14		<u>185,468</u>		<u>173,905</u>
SHAREHOLDERS FUNDS			<u>281,970</u>		<u>233,871</u>


These financial statements were approved by the Board on 11 April 2002 and signed on its behalf by:


D G SIDDALL
 Director

BALANCE SHEET OF THE COMPANY
31 December 2001

		2001		2000	
	note	£	£	£	£
FIXED ASSETS					
Tangible assets	8		5,925		7,864
Investments	9		<u>2</u>		<u>2</u>
			5,927		7,866
CURRENT ASSETS					
Debtors	10	65,725		71,930	
Cash at bank & in hand		<u>132,381</u>		<u>100,055</u>	
		198,106		171,985	
CREDITORS: amounts falling due within one year	11	<u>89,293</u>		<u>71,937</u>	
NET CURRENT ASSETS			<u>108,813</u>		<u>100,048</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>114,740</u>		<u>107,914</u>
CAPITAL AND RESERVES					
Called up share capital	13		10,000		10,000
Profit and loss account	14		<u>104,740</u>		<u>97,914</u>
SHAREHOLDERS FUNDS			<u>114,740</u>		<u>107,914</u>

These financial statements were approved by the Board on 11 April 2002 and signed on its behalf by:


D G SIDDALL
 Director

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2001

	note	2001		2000	
		£	£	£	£
Net cash inflow from operating activities	19(a)		22,183		20,109
Returns on investments and servicing of finance					
Interest received		13,181		16,182	
Interest paid		<u>-</u>		<u>-</u>	
Net cash inflow from returns on investments and servicing of finance			13,181		16,182
Taxation					
UK Corporation tax paid			(3,153)		(4,170)
Capital expenditure & financial investment					
Payments to acquire tangible fixed assets		(3,579)		(1,432)	
Receipts from sale of tangible fixed assets		<u>-</u>		<u>-</u>	
Net cash outflow for capital expenditure and financial investment			(3,579)		(1,432)
Increase in cash	19(c)		<u><u>28,632</u></u>		<u><u>30,689</u></u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2001

1 ACCOUNTING POLICIES

BASIS AND STANDARDS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and its subsidiary for the year ended 31 December 2001.

TANGIBLE FIXED ASSETS

Depreciation is provided on a reducing balance basis at the following annual rates in order to write off other fixed assets over their estimated useful lives.

Freehold Land	- Nil
Freehold Buildings	- 2% straight line
Fixtures & fittings	- 15% and 20%
Motor vehicles	- 25%

INVESTMENTS

Investments held as fixed assets are stated at cost.

DEFERRED TAX

Deferred tax is accounted for in accordance with the requirements of FRS19.

PENSION COSTS

The group operates a defined contribution pension scheme, the assets of which are held separately from those of the group. The charge in the profit and loss account represents the total cost to the group for the year.

TURNOVER

Turnover represents commission and fees earned.

Initial commissions are recognised on an accruals basis and renewal commission is accounted for when received.

INDEMNITY COMMISSION

The company does not receive any commission on indemnity terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2001

2 TURNOVER

The turnover and profit before taxation is attributable to the principal activities of the group as follows:

	Turnover		Profit before tax	
	2001	2000	2001	2000
	£	£	£	£
Financial Planning	224,223	180,628	8,497	4,754
Pension Management	63,576	64,721	6,473	10,494
	<u>287,799</u>	<u>245,349</u>	<u>14,970</u>	<u>15,248</u>

3 INTEREST RECEIVABLE

	2001	2000
	£	£
Bank Interest	<u>13,181</u>	<u>16,182</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	£	£
Depreciation	6,403	6,273
Auditor's remuneration	<u>1,589</u>	<u>1,589</u>

5 STAFF COSTS

	£	£
Wages and salaries	170,796	144,443
Social Security costs	18,675	12,368
Other pension costs	<u>16,159</u>	<u>11,177</u>
	<u>205,630</u>	<u>167,988</u>

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

	Number	Number
Administration	<u>6</u>	<u>6</u>

Directors' Emoluments

	£	£
Aggregate emoluments (including benefits in kind)	<u>85,791</u>	<u>77,803</u>

One director is accruing pension benefits under a money purchase scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2001

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in year

	2001	2000
Current Tax:	£	£
UK Corporation Tax		
Current tax on income for year	3,131	3,147
Deferred Tax:		
Origination and reversal of timing differences	276	163
Tax on profit on ordinary activities	<u>3,407</u>	<u>3,310</u>

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.83% (2000: 19.51%).

The differences are explained below:	£	£
Profit on ordinary activities before tax	<u>14,970</u>	<u>15,248</u>
	£	£
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19.83% (2000: 19.51%).	2,968	2,975
Effects of		
Expenses not deductible for tax purposes	501	418
Capital allowances for year in excess of depreciation	<u>(338)</u>	<u>(246)</u>
Current tax charge for the year	<u>3,131</u>	<u>3,147</u>

c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for calculated at 30% is £25,950. At present, it is not envisaged that any tax will become payable in the foreseeable future.

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PROFIT OF W DENIS FINANCIAL SERVICES LIMITED

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 consolidated profit for the financial year includes £6,826 (2000: £3,938) which is dealt within the financial statements of the parent company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2001

8	TANGIBLE FIXED ASSETS	Interest in Freehold Property	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	THE GROUP	£	£	£	£
	COST OR VALUATION				
	At 1 January 2001	153,300	24,771	17,999	196,070
	Surplus on revaluation	30,035	-	-	30,035
	Additions	-	3,579	-	3,579
	At 31 December 2001	183,335	28,350	17,999	229,684
	Represented by:				
	At valuation	183,335	-	-	183,335
	At cost	-	28,350	17,999	46,349
		183,335	28,350	17,999	229,684
	DEPRECIATION				
	At 1 January 2001	6,501	18,395	10,406	35,302
	Adjustment on revaluation	(6,501)	-	-	(6,501)
	Charge for the year	2,527	1,978	1,898	6,403
	At 31 December 2001	2,527	20,373	12,304	35,204
	NET BOOK VALUE				
	At 31 December 2001	180,808	7,977	5,695	194,480
	At 31 December 2000	146,799	6,376	7,593	160,768

The group has entered into a legal agreement with W Denis Properties Limited that in exchange for payment of 1/6th of the construction costs the group will have 1/6th share in the freehold property at Water Lane, Leeds.

The freehold property was revalued on 22 June 2001 by Carter & Co Commercial Limited, Chartered Surveyors, on the basis of open market value with vacant possession. Carter & Co are not connected with W Denis Financial Services Limited in any way. The valuation was made in accordance with RICS Appraisal and Valuation Manual. The directors are not aware of any material change in valuation since that date. The net book value of £180,808 represents the company's 1/6th share in the property.

Included in Freehold Buildings is £69,624 (2000: £44,950) relating to land which is not depreciated.

If the interest in freehold property had not been revalued it would have been included at the following amounts:

	2001	2000
	£	£
Cost	109,694	109,694
Accumulated depreciation	11,553	9,999
Net book value	98,141	99,695

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2001

8	TANGIBLE FIXED ASSETS (continued)	Fixtures & Fittings £	Motor Vehicles £	Total £
	THE COMPANY			
	COST			
	At 1 January 2001	1,899	17,999	19,898
	Additions	-	-	-
	At 31 December 2001	1,899	17,999	19,898
	ACCUMULATED DEPRECIATION			
	At 1 January 2001	1,628	10,406	12,034
	Charge for the year	41	1,898	1,939
	At 31 December 2001	1,669	12,304	13,973
	NET BOOK VALUE			
	At 31 December 2001	230	5,695	5,925
	At 31 December 2000	271	7,593	7,864

9	INVESTMENTS	2001 £	Company 2000 £
	Investment in unlisted subsidiary	2	2

The investment represents a 100% holding in the share capital of W Denis Pension Management Limited, a company incorporated in England, whose principal activity is the provision of pension management services.

10	DEBTORS	2001 Group £	Company £	2000 Group £	Company £
	Trade debtors	18,123	14,028	18,147	14,066
	Prepayments	1,697	1,697	1,864	1,864
	Amounts owed by group undertakings	-	50,000	-	56,000
		19,820	65,725	20,011	71,930

11	CREDITORS: amounts falling due within one year	2001 Group £	Company £	2000 Group £	Company £
	Trade creditors	24,834	18,746	14,090	9,788
	Corporation Tax	3,131	1,671	3,153	822
	Other Taxes & Social Security costs	6,947	6,554	1,484	-
	Other Creditors	65,690	62,302	63,603	56,813
	Accruals	20	20	4,514	4,514
		100,622	89,293	86,844	71,937

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2001

12	PROVISION FOR DEFERRED TAX	2001 £	2000 £
	Accelerated capital allowances	<u>2,298</u>	<u>2,022</u>
	Provision at start of the year	2,022	
	Deferred tax charge in profit and loss account for the year (note 6)	<u>276</u>	
	Provision at end of the year	<u>2,298</u>	
13	SHARE CAPITAL	£	£
	Authorised: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

14	RESERVES	2001	
		Group £	Company £
	REVALUATION RESERVE		
	At 1 January 2001	49,966	-
	Arising on revaluation of interest in freehold property	<u>36,536</u>	<u>-</u>
	At 31 December 2001	<u>86,502</u>	<u>-</u>
	PROFIT AND LOSS ACCOUNT		
	At 1 January 2001	173,905	97,914
	Retained profit for the year	<u>11,563</u>	<u>6,826</u>
	At 31 December 2001	<u>185,468</u>	<u>104,740</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

15		2001		2000	
		Group £	Company £	Group £	Company £
	Profit for the financial year	11,563	6,826	11,938	3,938
	Other recognised gains and losses	<u>36,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Opening shareholders fund	<u>233,871</u>	<u>107,914</u>	<u>221,933</u>	<u>103,976</u>
	Closing shareholders' funds	<u>281,970</u>	<u>114,740</u>	<u>233,871</u>	<u>107,914</u>

16 CONTINGENT LIABILITY

There were no contingent liabilities at 31 December 2001.

NOTES ON THE FINANCIAL STATEMENTS (continued)
31st December 2000

17 PENSION COMMITMENTS

The group operates a defined Contribution Pension Scheme. The assets of the Scheme are held separately from those of the group. The charge in the profit and loss account of £16,519 (2000: £11,177) represents the total cost to the group for the year.

18 RELATED PARTY TRANSACTIONS

H A Thew, a director and shareholder of the company, is also a director and major shareholder of W Denis (Insurance Brokers) plc.

W Denis (Insurance Brokers) plc and its subsidiary supplied services on normal commercial terms amounting to £17,739 (2000: £16,603) to the group during the year and at 31 December 2001 the group owed £10,189 (2000: £16,603) to W Denis(Insurance Brokers) plc and its subsidiary.

W Denis Properties Limited, the company which own the freehold property in which the group has a 1/6th share, is a subsidiary of W Denis (Insurance Brokers) plc.

19 CASH FLOW STATEMENT

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities		2001 £	2000 £
Operating Profit/(Loss)		1,789	(934)
Depreciation Charges		6,403	6,273
Decrease/(Increase) in Debtors		191	(2,908)
Increase in Creditors		13,800	17,678
Net Cash Inflow from Operating Activities		<u>22,183</u>	<u>20,109</u>
(b) Reconciliation of Net Cash Flow to Movement in Net Funds		£	£
	note 19(c)		
Increase in Cash in the Year		28,632	30,689
Net Funds at 1 January 2001		<u>141,958</u>	<u>111,269</u>
Net Funds at 31 December 2001		<u>170,590</u>	<u>141,958</u>
(c) Analysis of Changes in Net Funds		Cashflow £	At 31.12.01 £
	At 1.1.01 £		
Cash at Bank & in Hand	<u>141,958</u>	<u>28,632</u>	<u>170,590</u>

(d) Major Non-cash Transactions

There were no major non-cash transactions during the year.