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W DENIS FINANCIAL SERVICES LIMITED
Consolidated Financial Statements
31 December 1998



DIRECTORS' REPORT
31 December 1998

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

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 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.

DIRECTORS

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

As at 31 December 1997 and
1998

H A Thew	5,100
D G Siddall	4,900
M A C Thew	(resigned 21 April 1998) -

CLOSE COMPANY

In the opinion of the directors the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

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

DIRECTORS' REPORT (continued)
31 December 1998

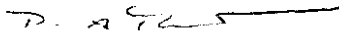
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

28 April 1999

AUDITORS REPORT TO THE SHAREHOLDERS OF W DENIS FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

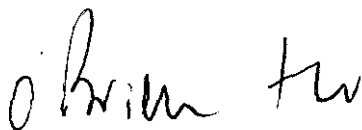
BASIS OF OPINION

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 circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 December 1998 and of the profit and cash flows of the group for the year then ended have been properly prepared in accordance with the Companies Act 1985.



O'BRIEN & CO
Chartered Accountants and
Registered Auditor
31A Finkle Street
Selby
YO8 4DT

28 April 1999

GROUP PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

		1998	1997
	notes	£	£
TURNOVER	2	186,119	193,959
Administrative expenses		183,264	184,610
		-----	-----
OPERATING PROFIT		2,855	9,349
Interest receivable	3	12,509	5,922
		-----	-----
		15,364	15,271
Interest payable	4	-	1,930
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	15,364	13,341
Tax on profit on ordinary activities	7	4,513	3,268
		-----	-----
PROFIT FOR THE FINANCIAL YEAR	15	10,851	10,073
		=====	=====

STATEMENT OF GROUP RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 1998

	£	£
Profit for the financial year	10,851	10,073
Unrealised surplus on revaluation of interest in freehold property	15,281	-
	-----	-----
TOTAL GAINS AND LOSSES FOR THE YEAR	26,132	10,073
	=====	=====

NOTE OF HISTORICAL PROFIT AND LOSS

	£	£
Reported profit on ordinary activities before tax	15,364	13,341
Difference between a historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	61	693
	-----	-----
Historical cost profit on ordinary activities	15,425	14,034
	=====	=====
Historical cost profit for the year retained after tax	10,912	10,766
	=====	=====

GROUP BALANCE SHEET
31 December 1998

		1998		1997	
	notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		172,559		153,420
CURRENT ASSETS					
Debtors	11	36,150		26,018	
Cash at bank and in hand		59,983		65,803	
		-----		-----	
		96,133		91,821	
CREDITORS: amounts falling due within one year	12	59,256		63,391	
		-----		-----	
NET CURRENT ASSETS			36,877		28,430
TOTAL ASSETS LESS CURRENT LIABILITIES			209,436		181,850
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred tax	13		1,929		475
			-----		-----
			207,507		181,375
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Revaluation reserve	15		49,966		34,685
Profit and loss account	15		147,541		136,690
			-----		-----
			207,507		181,375
			=====		=====

Directors:

D G SIDDALL

D G Siddall

H A THEW

H A Thew

These financial statements were approved by the Board on 28 April 1999.

BALANCE SHEET OF THE COMPANY
31 December 1998

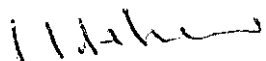
		1998		1997	
	notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		13,874		11,860
Investments	10		2		2
			-----		-----
			13,876		11,862
CURRENT ASSETS					
Debtors	11	85,854		72,532	
Cash at bank and in hand		44,635		53,654	
		-----		-----	
		130,489		126,186	
CREDITORS: amounts falling due within one year	12	47,271		47,364	
		-----		-----	
NET CURRENT ASSETS			83,218		78,822
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			97,094		90,684
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and loss account	15		87,094		80,684
			-----		-----
			97,094		90,684
			=====		=====

Directors:

D G SIDDALL



H A THEW



These financial statements were approved by the Board on 28 April 1999.

GROUP CASH FLOW STATEMENT
Year ended 31 December 1998

		1998		1997	
	note	£	£	£	£
Net cash (outflow)/inflow from operating activities	19(a)		(131)		32,690
Returns on investments and servicing of finance					
Interest received		12,509		5,922	
Interest paid		-		(1,930)	
		-----		-----	
Net cash inflow from returns on investments and servicing of finance			12,509		3,992
Taxation					
Corporation tax paid			(3,300)		(5,620)
Capital expenditure & financial investment					
Payments to acquire tangible fixed assets		(23,899)		(2,139)	
Receipts from sale of tangible fixed assets		9,001		-	
		-----		-----	
Net cash outflow for capital expenditure and financial investment			(14,898)		(2,139)
(Decrease)/Increase in cash	19(c)		(5,820)		28,923
			=====		=====

NOTES TO THE FINANCIAL STATEMENTS
31 December 1998

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been 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 1998.

DEPRECIATION

The group's interest in freehold land and buildings is depreciated over 50 years on a straight line basis.

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.

Fixtures & fittings	- 15% and 20%
Motor vehicles	- 25%

INVESTMENTS

Investments held as fixed assets are stated at cost.

DEFERRED TAX

Deferred tax in respect of accelerated capital allowances and other timing differences is provided under the liability method except where such timing differences are expected, with reasonable probability, to continue in the foreseeable future.

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 represent the total cost to the group for the year.

TURNOVER

Turnover represents commissions 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 ON THE FINANCIAL STATEMENTS (continued)
31 December 1998

2 **TURNOVER**

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

	Turnover		Profit before tax	
	1998	1997	1998	1997
	£	£	£	£
Financial planning	133,465	141,211	7,757	8,608
Pension management	52,654	52,748	7,607	4,733
	-----	-----	-----	-----
	186,119	193,959	15,364	13,341
	=====	=====	=====	=====

3 **INTEREST RECEIVABLE**

	1998	1997
	£	£
Bank interest	12,509	5,922
	=====	=====

4 **INTEREST PAYABLE**

	1998	1997
	£	£
On bank overdraft	-	1,930
	=====	=====

5 **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	1998	1997
	£	£
Directors' remuneration	51,000	51,000
Depreciation	8,622	8,665
Auditors remuneration	1,539	1,539
Loss on sale of fixed assets	2,418	-
	=====	=====

6 **STAFF COSTS**

	1998	1997
	£	£
Wages and salaries	109,607	107,227
Social Security costs	10,241	9,890
Other pension costs	6,397	5,709
	-----	-----
	126,245	122,826
	=====	=====

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

	1998	1997
Administration	5	6
	===	===

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 1998

7	TAX ON PROFITS ON ORDINARY ACTIVITIES	1998 £	1997 £
	The charge is based on the profit for the year before tax and consists of:-		
	Corporation tax payable	3,181	3,423
	Adjustment in respect of previous years	(122)	(230)
	Deferred tax	1,454	75
		-----	-----
		4,513	3,268
		=====	=====

8 **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 year includes £6,410 (1997:£6,790) which is dealt within the financial statements of the parent company.

9 **TANGIBLE FIXED ASSETS**

	Interest in freehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
THE GROUP COST				
At 1 January 1998	140,000	21,619	20,300	181,919
Additions	4,379	1,521	17,999	23,899
Revaluation of property	8,921	-	-	8,921
Disposals	-	-	(20,300)	(20,300)
	-----	-----	-----	-----
At 31 December 1998	153,300	23,140	17,999	194,439
	=====	=====	=====	=====
Represented by:				
At valuation	153,300	-	-	153,300
At cost	-	23,140	17,999	41,139
	=====	=====	=====	=====
ACCUMULATED DEPRECIATION				
At 1 January 1998	6,360	13,258	8,881	28,499
Charge for the year	2,167	1,955	4,500	8,622
Adjustments arising on revaluation	(6,360)	-	-	(6,360)
On disposals	-	-	(8,881)	(8,881)
	-----	-----	-----	-----
At 31 December 1998	2,167	15,213	4,500	21,880
	=====	=====	=====	=====
NET BOOK VALUE				
At 31 December 1998	151,133	7,927	13,499	172,559
	=====	=====	=====	=====
At 31 December 1997	133,640	8,361	11,419	153,420
	=====	=====	=====	=====

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 December 1998

9 TANGIBLE FIXED ASSETS (continued)

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 interest in the freehold property at Water Lane, Leeds.

The freehold property was revalued during the year by Carter & Co Commercial Limited Chartered Surveyors, on the basis of open market value with vacant possession. The net book value of £151,133 represents the company's 1/6th interest in the property.

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

	1998 £	1997 £
Cost	109,694	105,315
Accumulated depreciation	6,891	4,785
	-----	-----
Net book value	102,803	100,530
	=====	=====

THE COMPANY

	Fixtures & fittings £	Motor vehicles £	Total £
COST			
At 1 January 1998	1,899	20,300	22,199
Additions	-	17,999	17,999
Disposals	-	(20,300)	(20,300)
	-----	-----	-----
At 31 December 1998	1,899	17,999	19,898
	=====	=====	=====

ACCUMULATED DEPRECIATION

At 1 January 1998	1,458	8,881	10,339
Charge for year	66	4,500	4,566
On disposals	-	(8,881)	(8,881)
	-----	-----	-----
At 31 December 1998	1,524	4,500	6,024
	=====	=====	=====

NET BOOK VALUE

At 31 December 1998	375	13,499	13,874
	=====	=====	=====
At 31 December 1997	441	11,419	11,860
	=====	=====	=====

10 INVESTMENTS

	Company	
	1998 £	1997 £
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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 1998

11 DEBTORS	1998		1997	
	Group £	Company £	Group £	Company £
Trade debtors	32,240	28,944	24,033	20,547
Prepayments	3,910	3,910	1,985	1,985
Amounts owed by subsidiary undertaking	-	53,000	-	50,000
	-----	-----	-----	-----
	36,150	85,854	26,018	72,532
	=====	=====	=====	=====

12 CREDITORS: Amounts falling due within one year	1998		1997	
	Group £	Company £	Group £	Company £
Trade creditors	14,147	12,483	8,959	7,650
Corporation tax	3,182	1,345	3,423	2,050
Other taxes and Social Security costs	4,951	4,043	3,912	3,444
Other creditors	35,739	29,400	42,554	33,263
Accruals	1,237	-	4,543	957
	-----	-----	-----	-----
	59,256	47,271	63,391	47,364
	=====	=====	=====	=====

13 DEFERRED TAX
The total potential amount of deferred tax on timing differences and the amount for which provisions has been made is:

GROUP	1998		1997	
	Amount provided £	Total potential tax £	Amount provided £	Total potential tax £
Capital allowances in advance of depreciation	1,929	1,929	475	1,602
Capital gains on revaluation surplus	-	10,493	-	6,000
	-----	-----	-----	-----
	1,929	12,422	475	7,602
	=====	=====	=====	=====
COMPANY				
Capital allowances in advance of depreciation	-	-	-	-
	=====	=====	=====	=====

14 SHARE CAPITAL	1998 £	1997 £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	=====	=====
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 1998

15	RESERVES	Group £	Company £
	REVALUATION RESERVE		
	At 1 January 1998 and 31 December 1998	34,685	-
	Arising on revaluation of interest in freehold property	15,281	-
		-----	-----
	At 31 December 1998	49,966	-
		=====	=====
	PROFIT & LOSS ACCOUNT		
	As at 1 January 1998	136,690	80,864
	Retained profit for the year	10,851	6,230
		-----	-----
	As at 31 December 1998	147,541	87,094
		=====	=====

16	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	1998 £	1997 £
	Profit for the financial year	10,851	10,073
	Other recognised gains & losses	15,281	-
		-----	-----
		26,132	10,073
	Opening shareholders' funds	181,375	171,302
		-----	-----
	Closing shareholders' funds	207,507	181,375
		=====	=====

17 CONTINGENT LIABILITY

There were no contingent liabilities at 31 December 1998.

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 supplied services amounting to £8,876 (1997: £13,551) to the group during the year.

W Denis Properties Limited, the company which own the freehold property in which the group has a 1/6th interest, 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	1998 £	1997 £
	Operating profit	2,855	9,349
	Depreciation charges	8,622	8,665
	Loss on sale of tangible fixed assets	2,418	-
	Increase in debtors	(10,132)	(189)
	(Decrease)/Increase in creditors	(3,894)	14,865
		-----	-----
	Net cash (outflow)/inflow from operating activities	(131)	32,690
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 1998

19	CASH FLOW STATEMENT (cont'd)	1998	1997	
		£	£	
(b)	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (note 19(c))			
	Change in net funds	(5,820)	28,923	
	Net funds at 1 January 1998	65,803	36,880	
		-----	-----	
	Net funds at 31 December 1998	59,983	65,803	
		=====	=====	
(c)	ANALYSIS OF CHANGES IN NET FUNDS			
		At 1.1.98	Cashflow	At 31.12.98
		£	£	£
	Cash at bank and in hand	65,803	(5,820)	59,983
		=====	=====	=====
(d)	MAJOR NON-CASH TRANSACTIONS			
	There were no major non-cash transactions during the year.			

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	1998		1997	
	£	£	£	£
REVENUE				
Commission on transactions in:				
Collective investment schemes	14,051		8,637	
Life assurance and pension policies:				
Initial commission	90,730		100,212	
Renewal commission	19,034		21,696	
Client management fees	9,650		10,666	
	-----		-----	
		133,465		141,211
INTEREST AND DIVIDENDS				
Deposit account interest		11,377		4,284
OTHER REVENUE				
Management charge		12,000		12,000
		-----		-----
TOTAL REVENUE		156,842		157,495
TOTAL EXPENDITURE				
Shared commissions paid attributable				
directly to commissions received	1,479		5,479	
Salaries and national insurance	68,848		66,117	
Pension contributions	6,397		5,709	
Directors emoluments	51,000		51,000	
Administration fees	-		2,000	
Audit fees	764		764	
Other professional charges	455		1,297	
Regulatory fees and expenses	2,361		2,510	
Insurance	4,314		4,554	
Telephone	235		62	
Postage & stationery	1,742		1,886	
Advertising	726		624	
Motor and travel expenses	3,780		3,001	
Depreciation of fixed assets	4,566		3,884	
Profit on sale of motor vehicles	2,418		-	
	-----		-----	
TOTAL EXPENDITURE		149,085		148,887
		-----		-----
PROFIT BEFORE TAXATION		7,757		8,608
TAXATION		1,347		1,818
		-----		-----
RETAINED PROFIT FOR THE YEAR		6,410		6,790
		=====		=====

STATEMENT OF OWN FUNDS
31 December 1998

	£
Paid up share capital	10,000
Profit and loss account	87,094

	97,094
Own funds requirement	10,000

Own funds surplus	87,094
	=====