

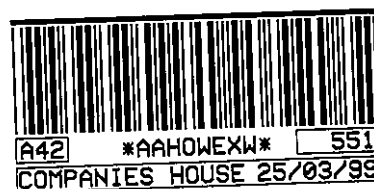
**LIAISON LIFE INSURANCE AND INVESTMENT
SERVICES OF NOTTINGHAM PLC**

FINANCIAL STATEMENTS

31ST AUGUST 1998

Registered number: 00934821

**BKR HAINES WATTS
CHARTERED ACCOUNTANTS
Nottingham**



LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

FINANCIAL STATEMENTS

for the year ended 31st August 1998

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LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

COMPANY INFORMATION

31st August 1998

NUMBER	00934821
DIRECTORS	H C Green D Green
SECRETARY	Willoughby Corporate Secretarial
REGISTERED OFFICE	14 Gordon Road West Bridgford Nottingham
BANKERS	National Westminster Bank Plc 16 South Parade Nottingham
AUDITORS	BKR Haines Watts Chartered Accountants 1 Loughborough Road West Bridgford Nottingham

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

DIRECTORS' REPORT

31st August 1998

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

Principal activity

The principal activity of the company is the receipt of trailer commissions and fees in respect of research activities.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £157,756.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st August 1998 Ordinary shares	1st September 1997 Ordinary shares
H C Green	49,500	49,500
D Green	501	501

Year 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the Year 2000. Our business depends on a computerised system to prepare the accounts and record transactions. In addition, we could be affected by the systems used by our suppliers and customers. As a result we would be at risk if other parties do not deal adequately with the Year 2000 issue.

The directors have considered the risks to the company and impact of changes to its systems as a result of date changes from the Year 2000 onwards.

Internal systems that may be sensitive to the Year 2000 date change have been reviewed. As a result they have either been upgraded or plans made for them to be upgraded in the near future such that we do not consider that the going concern status of the business will be adversely effected. Similarly we do not consider that any provision is required in respect of the cost of system upgrades in the financial statements for the year ended 31st August 1998.

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

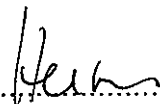
DIRECTORS' REPORT

31st August 1998

Auditors

BKR Haines Watts have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

.....

H C Green
Director

14 Gordon Road
West Bridgford
Nottingham

.....22.3.99.....
Date

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



H C Green
Director

22.3.99.
Date

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

AUDITORS' REPORT

Auditors' report to the members of

Liaison Life Insurance and Investment Services of Nottingham Plc

We have audited the financial statements on pages 5 to 13 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 on page 3, 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 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 error or other irregularity. 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 company's affairs as at 31st August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nottingham

24/3/99.

BKR Haines Watts

BKR Haines Watts
Registered Auditors
Chartered Accountants

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

PROFIT AND LOSS ACCOUNT

for the year ended 31st August 1998

	Note	1998 £	1997 £
Turnover	2	65,470	50,727
Net operating expenses			
Administrative expenses		(2,068)	(3,720)
Operating profit	3	63,402	47,007
Investment income	4	5,000	5,000
Interest payable	5	(100)	(165)
Profit on ordinary activities before taxation		68,302	51,842
Taxation	6	(14,345)	(11,800)
Profit on ordinary activities after taxation retained for the year	14	53,957	40,042

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

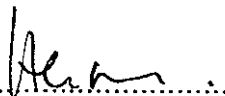
LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

BALANCE SHEET

at 31st August 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	7		3,292		3,873
Investments	8		50,000		50,000
			<u>53,292</u>		<u>53,873</u>
Current assets					
Debtors	9	118,336		88,000	
Cash at bank and in hand		632		-	
		<u>118,968</u>		<u>88,000</u>	
Creditors: amounts falling due within one year	10	(14,504)		(38,073)	
			<u>104,464</u>		<u>49,927</u>
Net current assets					
			<u>157,756</u>		<u>103,800</u>
Total assets less current liabilities					
Capital and reserves					
Called up share capital	13		12,576		12,576
Profit and loss account	14		145,180		91,224
			<u>157,756</u>		<u>103,800</u>
Total shareholders' funds	12				

The financial statements on pages 5 to 13 were approved by the board of directors on 22/3/99 and signed on its behalf by:


 H C Green
 Director

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

CASH FLOW STATEMENT

for the year ended 31st August 1998

	Note	£	1998 £	£	1997 £
Net cash inflow/(outflow) from operating activities	15		9,639		(5,886)
Returns on investments and servicing of finance					
Interest received		5,000		5,000	
Interest paid		(100)		(165)	
			4,900		4,835
Taxation					
Corporation tax paid			(11,791)		(1,229)
Increase/(decrease) in cash			<u>2,748</u>		<u>(2,280)</u>

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

1 Accounting policies**Basis of accounting**

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

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Fixtures and fittings

15% Reducing balance

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3 Operating profit

	1998 £	1997 £
Operating profit is stated after charging		
Auditors' remuneration	575	940
Depreciation of tangible fixed assets (note 7)		
Owned assets	581	684

4 Investment income

	1998 £	1997 £
Interest receivable	5,000	5,000

5 Interest payable

	1998 £	1997 £
Bank interest	(15)	165
Other interest	115	-
	100	165

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

6 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 22.8%)	14,354	11,800
Over provision in earlier years	(9)	-
	<u>14,345</u>	<u>11,800</u>

7 Tangible fixed assets

	Fixtures and Fittings £
Cost	
1st September 1997 and 31st August 1998	<u>42,024</u>
Depreciation	
1st September 1997	38,151
Charge for year	581
31st August 1998	<u>38,732</u>
Net book amount	
31st August 1998	<u>3,292</u>
1st September 1997	<u>3,873</u>

8 Fixed asset investments

	Other loans £
Cost	
1st September 1997 and at 31st August 1998	<u>50,000</u>
Net book amount	
31st August 1998	<u>50,000</u>
1st September 1997	<u>50,000</u>

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

9 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Other debtors	118,336	88,000

10 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	-	2,115
Corporation tax	13,354	10,800
Other creditors	-	24,318
Accruals and deferred income	1,150	840
	14,504	38,073

11 Deferred taxation

The company had no liability to deferred taxation at 31st August 1998 or 31st August 1997.

12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	53,957	40,042
Opening shareholders' funds	103,799	63,758
Closing shareholders' funds	157,756	103,800

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

13 Called up share capital

	Number of shares	1998 £	Number of shares	1997 £
Authorised				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
Special shares of £1 each	1	1	1	1
	<u>50,001</u>	<u>50,001</u>	<u>50,001</u>	<u>50,001</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	100	100	100	100
Special shares of £1 each	1	1	1	1
Allotted called up and partly paid				
Ordinary shares of £1 each	<u>49,900</u>	<u>12,475</u>	<u>49,900</u>	<u>12,475</u>
		<u>12,576</u>		<u>12,576</u>

14 Profit and loss account

	1998 £
1st September 1997	91,223
Retained profit for the year	<u>53,957</u>
31st August 1998	<u>145,180</u>

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

15 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	63,402	47,007
Depreciation charges	581	684
Increase in debtors	(30,336)	(54,000)
(Decrease)/increase in creditors	(24,008)	423
Net cash inflow/(outflow) from operating activities	9,639	(5,886)

16 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	-	632	632
Bank overdrafts	(2,115)	2,115	-
Total	(2,115)	2,747	632

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
Increase/(decrease) in cash in the year	2,747	(2,280)
Change in net debt resulting from cash flows	2,747	(2,280)
Net debt at 1st September 1997	(2,115)	165
Net debt at 31st August 1998	632	(2,115)

LIAISON LIFE INSURANCE AND INVESTMENT SERVICES OF NOTTINGHAM PLC

NOTES ON FINANCIAL STATEMENTS

31st August 1998

17 Related parties

Throughout the year the company was under the control of H C Green, a director and the majority shareholder of the company. The company had the following transactions during the year, and balances at the year end, with Expatriate Advisory Services Plc which is also under the control of H C Green:

	1998 £	1997 £
Commission and interest receivable	<u>70,000</u>	<u>55,000</u>
Due from Expatriate Advisory Services Plc:		
Included in fixed asset investments	50,000	50,000
Included in other debtors and creditors	<u>118,336</u>	<u>81,336</u>