

KELLANDS (BRISTOL) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001



KELLANDS (BRISTOL) LIMITED

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FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

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KELLANDS (BRISTOL) LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

DIRECTORS:

S M C Kelland
M H Jacobs
M J Howcroft
P C Ball

SECRETARY:

M H Jacobs

REGISTERED OFFICE:

1st Floor
Clifton Heights
Triangle West
Clifton
Bristol
BS8 1EJ

REGISTERED NUMBER:

04038310 (England and Wales)

AUDITORS:

T P Lewis & Partners
Chartered Accountants
& Registered Auditors
3/5 College Street
Burnham on Sea
Somerset
TA8 1AR

BANKERS:

Barclays Bank plc
Bristol Business Centre
P O Box 415
14 - 16 Queen Square
Bristol
BS99 2DG

KELLANDS (BRISTOL) LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

The directors present their report with the financial statements of the company for the period 21 July 2000 to 31 December 2001.

INCORPORATION

The company was incorporated on 21 July 2000 and commenced trading on 1 January 2001. The company passed a special resolution on 7 September 2000 changing its name from Quayshelfco 787 Limited to Kellands (Bristol) Limited.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2001.

FUTURE DEVELOPMENTS

The board remain confident about the future of the company and see no reason to believe that 2002 will be anything other than a further successful year of growth and progress.

DIRECTORS

The directors during the period under review were:

S M C Kelland	- appointed 16.11.00
M H Jacobs	- appointed 1.8.01
S Olive	- appointed 7.12.00
	- resigned 29.6.01
NQH Limited	- appointed 21.7.00
	- resigned 16.11.00

The beneficial interests of the directors holding office on 31 December 2001 in the issued share capital of the company were as follows:

	31.12.01	at date of appointment
Ordinary £1 shares		
S M C Kelland	2	2
M H Jacobs	-	-

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 the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KELLANDS (BRISTOL) LIMITED

**REPORT OF THE DIRECTORS
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

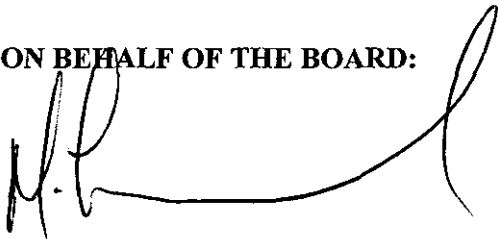
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, T P Lewis & Partners, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'M H Jacobs', written over a horizontal line.

M H Jacobs - SECRETARY

Dated: 20th September 2002

KELLANDS (BRISTOL) LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
KELLANDS (BRISTOL) LIMITED**

We have audited the financial statements of Kellands (Bristol) Limited for the period ended 31 December 2001 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page three 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

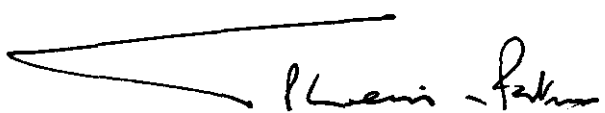
Basis of audit opinion

We conducted our audit in accordance with 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 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 company's affairs as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



T P Lewis & Partners
Chartered Accountants
& Registered Auditors
3/5 College Street
Burnham on Sea
Somerset
TA8 1AR

Dated: 26 September 2002

KELLANDS (BRISTOL) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

	Notes	£
TURNOVER		1,130,702
Cost of sales		869,335
GROSS PROFIT		261,367
Administrative expenses		261,051
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	316
Tax on profit on ordinary activities	4	-
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		316
RETAINED PROFIT CARRIED FORWARD		£316

CONTINUING OPERATIONS

The company commenced trading on 1 January 2001.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.

KELLANDS (BRISTOL) LIMITED

**BALANCE SHEET
31 DECEMBER 2001**

	Notes	£	£
FIXED ASSETS:			
Intangible assets	5		95
Tangible assets	6		3,668
			3,763
 CURRENT ASSETS:			
Debtors	7	177,346	
Cash at bank		72,137	
		249,483	
 CREDITORS: Amounts falling due within one year	8	252,928	
 NET CURRENT LIABILITIES:			(3,445)
 TOTAL ASSETS LESS CURRENT LIABILITIES:			£318
 CAPITAL AND RESERVES:			
Called up share capital	10		2
Profit and loss account			316
 SHAREHOLDERS' FUNDS:	12		£318

ON BEHALF OF THE BOARD:

S M C Kelland - DIRECTOR



Approved by the Board on 20th September 2002

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

	Notes	£
Net cash inflow from operating activities	1	76,322
Capital expenditure	2	(4,187)
		<u>72,135</u>
Financing	2	<u>2</u>
Increase in cash in the period		<u><u>£72,137</u></u>
Reconciliation of net cash flow to movement in net debt	3	
Increase in cash in the period		<u>72,137</u>
Change in net debt resulting from cash flows		<u>72,137</u>
Movement in net debt in the period		<u>72,137</u>
Net debt at 21 July		<u>-</u>
Net funds at 31 December		<u><u>£72,137</u></u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	316
Depreciation charges	424
Increase in debtors	(177,346)
Increase in creditors	252,928
Net cash inflow from operating activities	76,322

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

	£
Capital expenditure	
Purchase of intangible fixed assets	(100)
Purchase of tangible fixed assets	(4,087)
Net cash outflow for capital expenditure	(4,187)
Financing	
Cash receipt re share issue	2
Net cash inflow from financing	2

3. ANALYSIS OF CHANGES IN NET DEBT

	At 21.7.00 £	Cash flow £	At 31.12.01 £
Net cash:			
Cash at bank	-	72,137	72,137
	-	72,137	72,137
Total	-	72,137	72,137
Analysed in Balance Sheet			
Cash at bank	-		72,137
	-		72,137

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the amount derived from the provision of services, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of the business, is being written off evenly over its expected useful life of twenty years.

Tangible fixed assets

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

Office equipment - 25% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the period are charged in the profit and loss account.

2. STAFF COSTS

	£
Wages and salaries	170,740
Social security costs	13,960
Other pension costs	3,396
	188,096

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

Management & administration	9

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

3. OPERATING PROFIT

The operating profit is stated after charging:

	£
Depreciation - owned assets	419
Goodwill written off	5
Auditors' remuneration	<u>4,200</u>
Directors' emoluments	<u>35,870</u>

4. TAXATION

No liability to UK corporation tax arose on ordinary activities for the period.

5. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
COST:	
Additions	<u>100</u>
At 31 December 2001	<u>100</u>
AMORTISATION:	
Charge for period	<u>5</u>
At 31 December 2001	<u>5</u>
NET BOOK VALUE:	
At 31 December 2001	<u>95</u>

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

6. TANGIBLE FIXED ASSETS

	Office equipment
	£
COST:	
Additions	4,087
At 31 December 2001	4,087
DEPRECIATION:	
Charge for period	419
At 31 December 2001	419
NET BOOK VALUE:	
At 31 December 2001	3,668

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	147,527
Prepayments	7,311
Due from associated company	22,508
	177,346

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	128,922
Due to associated company	82,934
Social security & other taxes	4,772
Accrued expenses	36,300
	252,928

9. PROVISIONS FOR LIABILITIES AND CHARGES

The amount for which no provision has been made in respect of deferred tax, is as follows:

	£
Capital allowances in excess of depreciation	697
	697

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

10. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	100
			<u> </u>
Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
2	Ordinary	£1	2
			<u> </u>

The following shares were allotted and fully paid for cash at par during the period:

2 Ordinary shares of £1 each

11. RELATED PARTY DISCLOSURES

During the period, the company was under the control of the director, S M C Kelland, who owned 100% of the issued share capital.

S M C Kelland also controls Kellands Limited, a company which sold a number of it's branch operations by way of franchise agreements. With effect from 1 January 2001, Kellands (Bristol) Limited acquired the business of independent financial advisors as carried out at the Bristol branch. As at 31 December 2001, Kellands (Bristol) Limited owed Kellands Limited £82,934. This has now been repaid.

Likewise, S M C Kelland controls Kelland & Partners Limited, a company which provides Independent Financial Advisor (IFA) consultancy services to franchisee companies regulated by the Financial Services Authority (FSA), in return for a share of their commission income. During the year ended 31 December 2001, Kellands (Bristol) Limited have incurred franchise fees of £157,892. This includes accrued franchise fees of £11,673 as at the year end. In addition, Kellands (Bristol) Limited share premises costs with Kelland & Partners Limited on an equal basis.

Kellands Limited has a wholly owned subsidiary company, Kellands (Gloucester) Limited which also trades as independent financial advisors. As at 31 December 2001, this company owed Kellands (Bristol) Limited £22,508. This was subsequently repaid on 31 January 2002. During the period ended 31 December 2001, Kellands (Bristol) Limited recharged salary costs of £7,130 in respect of the director, S Olive, to Kellands (Gloucester) Limited.

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	316
Issue of ordinary shares	2
Net addition to shareholders' funds	318
Opening shareholders' funds	-
Closing shareholders' funds	318
Equity interests	318

KELLANDS (BRISTOL) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001

	£	£
Sales		1,130,702
Cost of sales:		
Consultants commissions	645,220	
Sub commissions & leads	9,667	
Directors' remuneration	35,870	
Directors' employers NIC	3,978	
Incentives & marketing	4,878	
Compliance & other		
professional costs	11,830	
Franchise fees	157,892	
		<u>869,335</u>
GROSS PROFIT		261,367
Administration costs:		
Salaries & wages	134,870	
Employers' national insurance	9,982	
Pension scheme contributions	3,396	
Telephone & fax	11,671	
Postage & carriage	8,097	
Printing & stationery	17,288	
Motor, travel & subsistence	3,121	
Repairs & maintenance	6,104	
Subscriptions, manuals &		
training costs	4,017	
Recruitment expenses	2,644	
Sundry expenses	1,760	
Auditors remuneration	4,200	
		<u>207,150</u>
		54,217
Establishment costs:		
Rent & service charges	35,897	
General rates	11,308	
Insurance	3,469	
Cleaning	2,707	
		<u>53,381</u>
		836
Finance costs:		
Bank charges		96
		<u>96</u>
Carried forward		740

This page does not form part of the statutory financial statements

KELLANDS (BRISTOL) LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 21 JULY 2000 TO 31 DECEMBER 2001**

	£	£
Brought forward		740
Depreciation:		
Office equipment	419	
Goodwill	5	
		424
NET PROFIT		
		£316

This page does not form part of the statutory financial statements