

REGISTERED
NO: 04038310
(England and Wales)

KELLANDS (BRISTOL) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



KELLANDS (BRISTOL) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2002**

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KELLANDS (BRISTOL) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2002**

DIRECTORS:

S M C Kelland
M H Jacobs
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 YEAR ENDED 31 DECEMBER 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2002.

FUTURE DEVELOPMENTS

The board remain confident about the future of the company and see no reason to believe that 2003 will be anything other than a further successful year of growth and progress.

DIRECTORS

The directors during the year under review were:

S M C Kelland	
M H Jacobs	
P C Ball	- appointed 1.4.02
M J Howcroft	- appointed 1.4.02
	- resigned 1.12.02

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02 or date of appointment if later
Ordinary £1 shares		
S M C Kelland	56	2
M H Jacobs	10	-
P C Ball	20	-

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.

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.

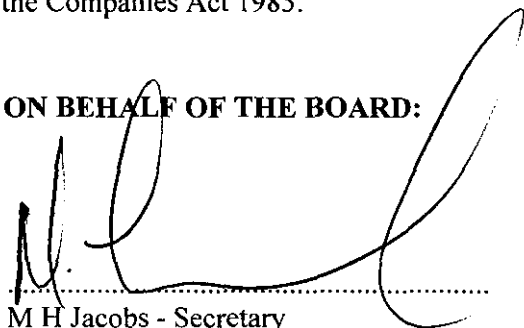
KELLANDS (BRISTOL) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002**

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

M H Jacobs - Secretary

Date: ~~30~~...October 2003

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

We have audited the financial statements of Kellands (Bristol) Limited for the year ended 31 December 2002 on pages six to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two 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

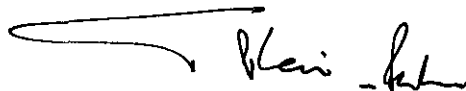
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

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

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 2002 and of its profit for the year 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

Date: ~~30~~...October 2003

KELLANDS (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

		Year Ended 31.12.02	Period 21.7.00 to 31.12.01
	Notes	£	£
TURNOVER		1,054,649	1,130,702
Cost of sales		755,711	869,335
GROSS PROFIT		298,938	261,367
Administrative expenses		275,529	261,051
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	23,409	316
Tax on profit on ordinary activities	4	5,326	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		18,083	316
Retained profit brought forward		316	-
RETAINED PROFIT CARRIED FORWARD		£18,399	£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 profits for the current year or previous period.

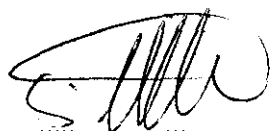
The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**BALANCE SHEET
31 DECEMBER 2002**

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	5		90		95
Tangible assets	6		2,646		3,668
			<u>2,736</u>		<u>3,763</u>
CURRENT ASSETS:					
Debtors	7	115,570		177,346	
Cash at bank		42,290		72,137	
		<u>157,860</u>		<u>249,483</u>	
CREDITORS: Amounts falling due within one year	8	141,594		252,928	
				<u>252,928</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>16,266</u>		<u>(3,445)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			19,002		318
PROVISIONS FOR LIABILITIES AND CHARGES:	9		503		-
			<u>£18,499</u>		<u>£318</u>
CAPITAL AND RESERVES:					
Called up share capital	10		100		2
Profit and loss account			18,399		316
SHAREHOLDERS' FUNDS:	12		<u>£18,499</u>		<u>£318</u>

ON BEHALF OF THE BOARD:



.....
S M C Kelland - Director

Approved by the Board on ~~30~~ October 2003

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

		Year Ended 31.12.02	Period 21.7.00 to 31.12.01
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(29,945)	76,322
Capital expenditure	2	-	(4,187)
		<u>(29,945)</u>	<u>72,135</u>
Financing	2	98	2
(Decrease)/Increase in cash in the period		<u>£(29,847)</u>	<u>£72,137</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(29,847)</u>	<u>72,137</u>
Change in net funds resulting from cash flows		<u>(29,847)</u>	<u>72,137</u>
Movement in net funds in the period		<u>(29,847)</u>	<u>72,137</u>
Net funds at 1 January		<u>72,137</u>	-
Net funds at 31 December		<u>£42,290</u>	<u>£72,137</u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
Operating profit	23,409	316
Depreciation charges	1,027	424
Decrease/(Increase) in debtors	61,776	(177,346)
(Decrease)/Increase in creditors	(116,157)	252,928
Net cash (outflow)/inflow from operating activities	(29,945)	76,322

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

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
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	98	2
Net cash inflow from financing	98	2

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank	72,137	(29,847)	42,290
	<u>72,137</u>	<u>(29,847)</u>	<u>42,290</u>
 Total	 <u>72,137</u>	 <u>(29,847)</u>	 <u>42,290</u>
 Analysed in Balance Sheet			
 Cash at bank	 72,137		 42,290
	<u>72,137</u>		<u>42,290</u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

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

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 tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 year are charged in the profit and loss account.

2. STAFF COSTS

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
Wages and salaries	201,231	170,740
Social security costs	16,552	13,960
Other pension costs	2,821	3,396
	<u>220,604</u>	<u>188,096</u>

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

	Year Ended 31.12.02	Period 21.7.00 to 31.12.01
Management & administration	<u>8</u>	<u>9</u>

KELLANDS (BRISTOL) LIMITED

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

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
Depreciation - owned assets	1,022	419
Goodwill written off	5	5
Auditors' remuneration	3,995	4,200
	<u> </u>	<u> </u>
Directors' emoluments	61,200	35,870
	<u> </u>	<u> </u>

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
Current tax:		
UK corporation tax	4,823	-
Deferred taxation	503	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	5,326	-
	<u> </u>	<u> </u>

UK corporation tax has been charged at 19.25%

KELLANDS (BRISTOL) LIMITED

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

4. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.02 £	Period 21.7.00 to 31.12.01 £
Profit on ordinary activities before tax	23,409	316
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	7,023	95
Effects of:		
Expenses not deductible for tax purposes	388	806
Capital allowances for year in excess of depreciation	306	(1,101)
Utilisation of tax losses	(200)	200
Small companies tax rate	(2,694)	-
Current tax charge	4,823	-

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST:	
At 1 January 2002 and 31 December 2002	100
AMORTISATION:	
At 1 January 2002	5
Charge for year	5
At 31 December 2002	10
NET BOOK VALUE:	
At 31 December 2002	90
At 31 December 2001	95

KELLANDS (BRISTOL) LIMITED

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

6. TANGIBLE FIXED ASSETS

	Office equipment
	£
COST:	
At 1 January 2002	
and 31 December 2002	4,087
DEPRECIATION:	
At 1 January 2002	419
Charge for year	1,022
At 31 December 2002	1,441
NET BOOK VALUE:	
At 31 December 2002	2,646
At 31 December 2001	3,668

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade debtors	87,304	147,527
Prepayments	12,603	7,311
Due from associated companies	15,565	22,508
Called up share capital not paid	98	-
	115,570	177,346

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	98,910	128,922
Due to associated companies	18,006	82,934
Social security & other taxes	5,355	4,772
Taxation	4,823	-
Accrued expenses	14,500	36,300
	141,594	252,928

KELLANDS (BRISTOL) LIMITED

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

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Deferred tax	<u>503</u>	<u>-</u>
	Deferred tax	
	£	
Transfer to profit and loss account	<u>503</u>	
Balance at 31 December 2002	<u>503</u>	
Deferred tax provision		
	2002 £	2001 £
Capital allowances in excess of depreciation	<u>503</u>	<u>-</u>
	<u>503</u>	<u>-</u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002 £	2001 £
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted and issued:				
Number:	Class:	Nominal value:	2002 £	2001 £
100 (2001 - 2)	Ordinary	£1	<u>100</u>	<u>2</u>

The following shares were allotted at par during the year:

98 Ordinary shares of £1 each

KELLANDS (BRISTOL) LIMITED

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

11. RELATED PARTY DISCLOSURES

During the year, the company was under the control of the director, S M C Kelland, who owned 56% 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 2002, Kellands (Bristol) Limited owed Kellands Limited £18,006 (2001 £82,934).

Likewise, S M C Kelland controls Akumulus Limited (formerly 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 2002, Kellands (Bristol) Limited have incurred franchise fees of £146,498 (2001 £157,892). This includes accrued franchise fees of £14,084 as at 31 December 2002 (2001 £11,673).

In addition, Kellands (Bristol) Limited share premises costs with Akumulus Limited on an equal basis. Excluding accrued franchise fees, Akumulus Limited owed Kellands (Bristol) Limited £15,565 as at 31 December 2002 (2001 £nil).

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	18,083	316
Issue of ordinary shares	98	2
Net addition to shareholders' funds	18,181	318
Opening shareholders' funds	318	-
Closing shareholders' funds	18,499	318
Equity interests	18,499	318