

REGISTERED

No: 04038310

(England & Wales)

KELLANDS (BRISTOL) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



KELLANDS (BRISTOL) LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	11

KELLANDS (BRISTOL) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003**

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 (BOS) Limited 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 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

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 2003.

FUTURE DEVELOPMENTS

The board remain confident about the future of the company and see no reason to believe that 2004 will be anything other than a year of growth and progress.

DIRECTORS

The directors during the year under review were:

S M C Kelland
M H Jacobs
P C Ball

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary £1 shares		
S M C Kelland	56	56
M H Jacobs	10	10
P C Ball	20	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;
- 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 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.

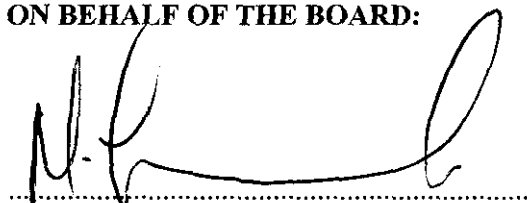
KELLANDS (BRISTOL) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

AUDITORS

The auditors, T P Lewis & Partners (BOS) Limited, 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 dotted line.

M H Jacobs - Secretary

Date: 24.....September 2004

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 2003 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

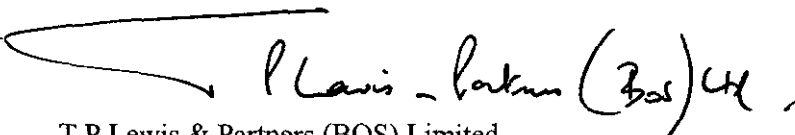
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2003 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 (BOS) Limited
Chartered Accountants
& Registered Auditors
3/5 College Street
Burnham on Sea
Somerset
TA8 1AR

Date: ~~25~~.....September 2004

KELLANDS (BRISTOL) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

		2003	2002
	Notes	£	£
TURNOVER		855,304	1,054,649
Cost of sales		613,459	755,711
GROSS PROFIT		241,845	298,938
Administrative expenses		230,879	275,529
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	10,966	23,409
Tax on profit on ordinary activities	4	2,016	5,326
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		8,950	18,083
Retained profit brought forward		18,399	316
RETAINED PROFIT CARRIED FORWARD		£27,349	£18,399

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

BALANCE SHEET 31 DECEMBER 2003

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	5		85		90
Tangible assets	6		2,547		2,646
			<u>2,632</u>		<u>2,736</u>
CURRENT ASSETS:					
Debtors	7	78,422		115,570	
Cash at bank		47,956		42,290	
		<u>126,378</u>		<u>157,860</u>	
CREDITORS: Amounts falling due within one year	8	101,077		141,594	
NET CURRENT ASSETS:			<u>25,301</u>		<u>16,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			27,933		19,002
PROVISIONS FOR LIABILITIES AND CHARGES:	9		484		503
			<u>£27,449</u>		<u>£18,499</u>
CAPITAL AND RESERVES:					
Called up share capital	10		100		100
Profit and loss account			27,349		18,399
SHAREHOLDERS' FUNDS:	12		<u>£27,449</u>		<u>£18,499</u>

ON BEHALF OF THE BOARD:



.....
S M C Kelland - Director

Approved by the Board on ~~24~~ September 2004

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

		2003	2002
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	12,196	(29,945)
Taxation		(5,500)	-
Capital expenditure	2	(1,030)	-
		<u>5,666</u>	<u>(29,945)</u>
Financing	2	-	98
Increase/(Decrease) in cash in the period		<u><u>£5,666</u></u>	<u><u>£(29,847)</u></u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		<u>5,666</u>	<u>(29,847)</u>
Change in net funds resulting from cash flows		<u>5,666</u>	<u>(29,847)</u>
Movement in net funds in the period		<u>5,666</u>	<u>(29,847)</u>
Net funds at 1 January		<u>42,290</u>	<u>72,137</u>
Net funds at 31 December		<u><u>£47,956</u></u>	<u><u>£42,290</u></u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

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

	2003 £	2002 £
Operating profit	10,966	23,409
Depreciation charges	1,134	1,027
Decrease in debtors	37,825	61,776
Decrease in creditors	<u>(37,729)</u>	<u>(116,157)</u>
Net cash inflow/(outflow) from operating activities	<u><u>12,196</u></u>	<u><u>(29,945)</u></u>

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

	2003 £	2002 £
Capital expenditure		
Purchase of tangible fixed assets	<u>(1,030)</u>	<u>-</u>
Net cash outflow for capital expenditure	<u><u>(1,030)</u></u>	<u><u>-</u></u>
Financing		
Cash receipt re share issue	<u>-</u>	<u>98</u>
Net cash inflow from financing	<u><u>-</u></u>	<u><u>98</u></u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	At 31.12.03 £
Net cash:			
Cash at bank	42,290	5,666	47,956
	<u>42,290</u>	<u>5,666</u>	<u>47,956</u>
 Total	 <u>42,290</u>	 <u>5,666</u>	 <u>47,956</u>
Analysed in Balance Sheet			
 Cash at bank	 42,290		 47,956
	<u>42,290</u>		<u>47,956</u>

The notes form part of these financial statements

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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

	2003	2002
	£	£
Wages and salaries	159,470	201,231
Social security costs	15,244	16,552
Other pension costs	2,601	2,821
	<u>177,315</u>	<u>220,604</u>

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

	2003	2002
Management & administration	<u>6</u>	<u>8</u>

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation - owned assets	1,129	1,022
Goodwill written off	5	5
Auditors' remuneration	4,938	3,995
	<u> </u>	<u> </u>
Directors' emoluments	60,000	61,200
	<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:

	2003	2002
	£	£
Current tax:		
UK corporation tax	2,035	4,823
Deferred taxation	(19)	503
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	2,016	5,326
	<u> </u>	<u> </u>

UK corporation tax has been charged at 18.39% (2002 - 19.25%).

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>10,966</u>	<u>23,409</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	3,290	7,023
Effects of:		
Expenses not deductible for tax purposes	-	388
Capital allowances for year not in excess of depreciation	31	306
Utilisation of tax losses	-	(200)
Small companies tax rate	(1,218)	(2,694)
Marginal tax relief	<u>(68)</u>	<u>-</u>
Current tax charge	<u>2,035</u>	<u>4,823</u>

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST:	
At 1 January 2003 and 31 December 2003	<u>100</u>
AMORTISATION:	
At 1 January 2003	10
Charge for year	<u>5</u>
At 31 December 2003	<u>15</u>
NET BOOK VALUE:	
At 31 December 2003	<u>85</u>
At 31 December 2002	<u>90</u>

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

6. TANGIBLE FIXED ASSETS

	Office equipment
	<u>£</u>
COST:	
At 1 January 2003	4,087
Additions	1,030
	<u>5,117</u>
At 31 December 2003	<u>5,117</u>
DEPRECIATION:	
At 1 January 2003	1,441
Charge for year	1,129
	<u>2,570</u>
At 31 December 2003	<u>2,570</u>
NET BOOK VALUE:	
At 31 December 2003	<u>2,547</u>
At 31 December 2002	<u>2,646</u>

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Trade debtors	50,927	87,304
Prepayments	9,036	12,603
Due from associated companies	17,684	15,565
Called up share capital not paid	98	98
Corporation tax recoverable	677	-
	<u>78,422</u>	<u>115,570</u>

KELLANDS (BRISTOL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Trade creditors	67,050	98,910
Due to associated companies	8,337	18,006
Social security & other taxes	4,557	5,355
Taxation	2,035	4,823
Accrued expenses	19,098	14,500
	<u>101,077</u>	<u>141,594</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Deferred tax	<u>484</u>	<u>503</u>

	Deferred tax £
Balance at 1 January 2003	503
Transfer to profit and loss account	(19)
	<u>—</u>
Balance at 31 December 2003	<u>484</u>

Deferred tax provision

	2003	2002
	£	£
Capital allowances in excess of depreciation	<u>484</u>	<u>503</u>
	<u>484</u>	<u>503</u>

KELLANDS (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

10. CALLED UP SHARE CAPITAL

Authorised:			2003	2002
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	100	100
			<u> </u>	<u> </u>

Allotted and issued:			2003	2002
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	100	100
			<u> </u>	<u> </u>

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 2003, Kellands (Bristol) Limited owed Kellands Limited £8,337 (2002 £18,006).

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 2003, Kellands (Bristol) Limited have incurred franchise fees of £99,787 (2002 £146,498). This includes accrued franchise fees of £15,444 as at 31 December 2003 (2002 £14,084).

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 £14,539 as at 31 December 2003 (2002 £15,565).

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	8,950	18,083
Issue of ordinary shares	-	98
	<u> </u>	<u> </u>
Net addition to shareholders' funds	8,950	18,181
Opening shareholders' funds	18,499	318
	<u> </u>	<u> </u>
Closing shareholders' funds	27,449	18,499
	<u> </u>	<u> </u>
Equity interests	27,449	18,499
	<u> </u>	<u> </u>