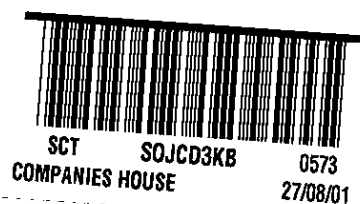


PROFESSIONAL FINANCIAL ADVISERS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 OCTOBER 2000**

REGISTERED NUMBER: 109448



CHARTERED ACCOUNTANTS

28 Broad Street Peterhead AB42 1BY
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e-mail: mailphd@bainhenryreid.co.uk

also at Aberdeen and Turriff

INDEPENDENT FIRMS  CREATING SUCCESS

PROFESSIONAL FINANCIAL ADVISERS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

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PROFESSIONAL FINANCIAL ADVISERS LIMITED

**COMPANY INFORMATION
AT 31 OCTOBER 2000**

DIRECTORS

Anthony John Harvie
Greig Michael Milne Cook

BUSINESS ADDRESS

Bridge House
1/2 Riverside Drive
Aberdeen
AB11 7LH

SECRETARIES

Ledingham Chalmers

REGISTERED OFFICE

1 Golden Square
Aberdeen
AB10 1HA

AUDITORS

Simpson Forsyth
Chartered Accountants
52 Queen's Road
Aberdeen
AB15 4YE

PRINCIPAL BANKERS

Bank of Scotland
39 Albyn Place
Aberdeen
AB10 1YN

PROFESSIONAL FINANCIAL ADVISERS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 October 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of an independent financial adviser regulated by the Personal Investment Authority.

REVIEW OF THE BUSINESS

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory. Adequate finance has been obtained to take advantage of business opportunities and the directors consider the state of affairs satisfactory.

The trading results for the year and the company's financial position for the year are shown in the attached financial statements.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2000	1999
Anthony John Harvie	Ordinary shares	12,000	1,000
Greig Michael Milne Cook	Ordinary shares	4,000	-

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 as at the end of the financial year 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; and
- 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 maintaining 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.

PROFESSIONAL FINANCIAL ADVISERS LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Simpson Forsyth, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:



A J Harvie
Director

Date: 20 August 2001

PROFESSIONAL FINANCIAL ADVISERS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

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

RESPECTIVE RESPONSIBILITIES OF THE 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 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 as to whether 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 as at 31 October 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simpson Forsyth

Simpson Forsyth
Chartered Accountants
Registered Auditors
52 Queen's Road
Aberdeen
AB15 4YE

Date: 26 August 2001

PROFESSIONAL FINANCIAL ADVISERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2000**

	Notes	2000 £	1999 £
TURNOVER	2	220,078	-
Cost of sales		127,646	1,077
GROSS PROFIT / (LOSS)		92,432	(1,077)
Administrative expenses		43,993	2,082
OPERATING PROFIT / (LOSS)	3	48,439	(3,159)
Investment income and interest receivable	4	3,142	859
Interest payable and similar charges	5	(2,400)	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		49,181	(2,300)
Tax on profit / (loss) on ordinary activities	8	9,778	483
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		39,403	(1,817)
Dividends	9	37,453	-
RETAINED PROFIT / (ACCUMULATED LOSS) FOR THE FINANCIAL YEAR	16	1,950	(1,817)

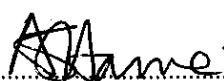
The notes on pages 8 to 14 form part of these financial statements.

PROFESSIONAL FINANCIAL ADVISERS LIMITED

**BALANCE SHEET
AT 31 OCTOBER 2000**

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	10		25,970		-
CURRENT ASSETS					
Debtors	11	40,359		13,164	
Cash at bank and in hand		111,256		36,164	
		<u>151,615</u>		<u>49,328</u>	
CREDITORS: amounts falling due within one year	12	(97,384)		(36,777)	
NET CURRENT ASSETS			54,231		12,551
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>80,201</u>		<u>12,551</u>
CREDITORS: amounts falling due after more than one year	13		(13,020)		(9,000)
NET ASSETS			<u>67,181</u>		<u>3,551</u>
CAPITAL AND RESERVES					
Called up share capital	14		61,000		1,000
Share premium account	15		1,680		-
Profit and loss account	16		4,501		2,551
TOTAL SHAREHOLDERS' FUNDS			<u>67,181</u>		<u>3,551</u>

Approved by the board of directors on 20 August 2001 and signed on its behalf by:

 AJ Harvie, Director

 GMM Cook, Director

The notes on pages 8 to 14 form part of these financial statements.

PROFESSIONAL FINANCIAL ADVISERS LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2000**

		2000		1999	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		65,287		20,454
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		3,142		859	
Interest paid		(2,400)		-	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			742		859
TAXATION			(483)		483
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(34,165)		-	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(34,165)		-
EQUITY DIVIDENDS PAID			(27,453)		-
CASH INFLOW BEFORE FINANCING			3,928		21,796
FINANCING					
Issue of equity share capital		60,000		-	
Share premium on issue of equity share capital		1,680		-	
Capital element of hire purchase		9,484		9,000	
NET CASH INFLOW FROM FINANCING			71,164		9,000
INCREASE IN CASH	19		75,092		30,796

The notes on pages 8 to 14 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents commissions received and the total invoice value, excluding value added tax, of services rendered during the year.

Depreciation of tangible fixed assets

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

Office furniture and fittings	25% reducing balance
Computer equipment	20% straight line
Motor vehicles	25% reducing balance

Obligations under finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the leases.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. TURNOVER

The turnover and profit are attributable to the one principal activity of the company, all within the United Kingdom.

3. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated	2000	1999
	£	£
After charging:		
Depreciation of fixed assets	8,195	-
Auditors' remuneration	1,175	1,483

PROFESSIONAL FINANCIAL ADVISERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2000	1999
	£	£
Interest received and receivable		
Bank interest	3,142	859

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	335	-
Lease finance charges and hire purchase interest	1,344	-
Other interest	721	-
	<u>2,400</u>	<u>-</u>

6. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Staff costs		
Wages and salaries	99,967	1,077
Social security costs	9,241	-
Other pension costs	662	-
	<u>109,870</u>	<u>1,077</u>

	2000	1999
	No.	No.
The average monthly number of employees during the year was made up as follows:		
Administration	4	2
Sales	2	2
	<u>6</u>	<u>4</u>

	2000	1999
	£	£
Directors' emoluments		
Remuneration for management services (including pension contributions)	63,988	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

7. PENSION COSTS

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £662 (1999: £nil).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation charge comprises:		
Corporation tax at 20% (1999 - 20%)	9,778	(483)

9. DIVIDENDS PAID OR PROPOSED

	2000 £	1999 £
On class A shares	10,000	-
On class B shares	27,453	-
	37,453	-

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation:			
Additions	10,665	23,500	34,165
Depreciation:			
Charge for year	2,295	5,900	8,195
Net book value:			
At 31 October 2000	8,370	17,600	25,970

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

10. TANGIBLE FIXED ASSETS - (continued)

**Included above are assets held under finance leases or
hire purchase contracts as follows:**

	2000 £	1999 £
Net book values:		
Office furniture and fittings	5,400	-
Motor vehicles	13,850	-
	<u>19,250</u>	<u>-</u>
Depreciation charge for the year:		
Office furniture and fittings	1,366	-
Motor vehicles	4,650	-
	<u>6,016</u>	<u>-</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

11. DEBTORS

	2000 £	1999 £
Trade debtors	38,235	12,581
Other debtors	2,124	583
	<u>40,359</u>	<u>13,164</u>

12. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Net obligations under finance leases and hire purchase contracts	5,464	-
Trade creditors	24,349	2,644
Corporation tax	9,295	-
Other taxes and social security costs	6,857	-
Other creditors	51,419	34,133
	<u>97,384</u>	<u>36,777</u>

13. CREDITORS: amounts falling due after more than one year

	2000 £	1999 £
Net obligations under finance leases and hire purchase contracts	<u>13,020</u>	<u>9,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

14. SHARE CAPITAL

	2000 £	1999 £
Authorised:		
Equity interests:		
23,999 Ordinary shares of £1 each class A	23,999	1,000
75,000 Ordinary shares of £1 each class B	75,000	-
	<u>98,999</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity interests:		
16,000 Ordinary shares of £1 each class A	16,000	1,000
45,000 Ordinary shares of £1 each class B	45,000	-
	<u>61,000</u>	<u>1,000</u>

On 31st December 1999 the company increased the authorised share capital by 30,000 Class 'B' Non Voting Ordinary Shares. The existing 1,000 shares were re-classified into 1,000 'A' Ordinary Shares. The 30,000 Class 'B' shares were issued on 31st December 1999 for a consideration of £30,000.

On 19th April 2000, a further increase in the authorised share capital was made, and 22,999 'A' Ordinary Shares were created along with 15,000 Class 'B' Non Voting Ordinary Shares. The 15,000 Class 'B' shares were issued on 27th September 2000 for a consideration of £15,000 and 15,000 Class 'A' shares were issued on 31st October 2000 for a consideration of £16,680.

The 'A' Voting shares and the 'B' Non Voting shares have the same rights as if they constituted one class except to the extent to which the Articles provide to the contrary.

The 'B' shares are entitled to receive a distribution equal to the aggregate of the following:

1. interest on the sum subscribed by it for its shares in the company at the Bank's base rate plus 2%;
2. an amount equal to 25% of all revenue generated for the company in the previous financial year and derived from new business and existing clients introduced by the shareholder to the company; and
3. a share with all the other subscribers of 25% of the profit before tax of the company less 1) and 2) in respect of its preceeding financial year with each subscribers interest in this proportion of the profits being determined directly on the basis of the relative new business revenue contribution made by each subscriber in the preceeding financial year.

Upon winding up all the members rank in the share of the company's assets as determined by the liquidator.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

15. SHARE PREMIUM ACCOUNT

	2000	1999
	£	£
Equity interests:		
Premium on shares issued during the year	1,680	-
	<u>1,680</u>	<u>-</u>

16. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Retained profit as at 1 November 1999	2,551	4,368
Profit / (loss) for the year	1,950	(1,817)
Retained profit as at 31 October 2000	<u>4,501</u>	<u>2,551</u>

17. REVENUE COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Property	
	2000	1999
	£	£
More than one year and less than five years	10,422	-

**18. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2000	1999
	£	£
Operating profit/(loss)	48,439	(3,159)
Depreciation	8,195	-
Increase/ (decrease) in debtors	(27,195)	(13,164)
Increase/ (decrease) in creditors	35,848	36,777
Net cash inflow from operating activities	<u>65,287</u>	<u>20,454</u>

**19. RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

2000	1999
£	£

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

INCREASE IN CASH IN THE YEAR	75,092	30,796
Cash outflow in respect of hire purchase	(9,484)	(9,000)
Changes in net funds	65,608	21,796
Net funds at 1 November 1999	27,164	5,368
Net funds at 31 October 2000	92,772	27,164

ANALYSIS OF CHANGES IN NET FUNDS

	1999	Cash flow	2000
	£	£	£
Net cash:			
Cash in hand and at bank	36,164	75,092	111,256
Debt:			
Hire purchase agreements	(9,000)	(9,484)	(18,484)
Net funds	27,164	65,608	92,772