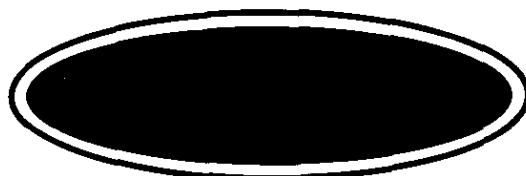


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001
FOR
PROFESSIONAL FINANCIAL ADVISERS LTD**



CHARTERED ACCOUNTANTS

your gateway to business on the web



www.bainhenryreid.co.uk



SCT S2W4FDVH 0007
COMPANIES HOUSE 02/09/02

PROFESSIONAL FINANCIAL ADVISERS LTD

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001**

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8 to 9
Notes to the Financial Statements	10 to 16
Trading and Profit and Loss Account	17 to 18



PROFESSIONAL FINANCIAL ADVISERS LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST OCTOBER 2001**

DIRECTORS:

A J Harvie
G M M Cook
A C Grant

SECRETARY:

Ledingham Chalmers

REGISTERED OFFICE:

Johnstone House
52-54 Rose Street
Aberdeen
AB10 1UP

REGISTERED NUMBER:

109448 (Scotland)

AUDITORS:

Simpson Forsyth
Registered Auditors
Chartered Accountants
52 Queens Road
Aberdeen
AB15 4YE

BANKERS:

Bank of Scotland plc
39 Albyn Place
Aberdeen
AB10 1YN

PROFESSIONAL FINANCIAL ADVISERS LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST OCTOBER 2001

The directors present their report with the financial statements of the company for the year ended 31st October 2001.

PRINCIPAL ACTIVITY

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 BUSINESS

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

DIVIDENDS

The directors recommend that a final dividend amounting to £3,604 be paid to the "B" shareholders and that no dividend be paid to the "A" shareholders. This results in total dividends of £28,473 payable to the "B" shareholders for the year and retained profits transferred to reserves of £3,164.

FUTURE DEVELOPMENTS

The company has developed a strong client base and the directors are confident that resources are now in place to provide for an increasing volume of business and profitability.

DIRECTORS

The directors during the year under review were:

A J Harvie

G M M Cook

A C Grant

- appointed 21/5/01

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

	31.10.01	1.11.00 or date of appointment if later
Ordinary shares class A £1.00 shares		
A J Harvie	12,000	12,000
G M M Cook	4,000	4,000
A C Grant	-	-
Ordinary shares class B £1.00 shares		
A J Harvie	-	-
G M M Cook	-	-
A C Grant	-	-

PROFESSIONAL FINANCIAL ADVISERS LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST OCTOBER 2001**

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.

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

Dated: 29th August 2002

PROFESSIONAL FINANCIAL ADVISERS LTD

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
PROFESSIONAL FINANCIAL ADVISERS LTD**

We have audited the financial statements on pages five to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page three 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 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 31st October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simpson Forsyth
Registered Auditors
Chartered Accountants
52 Queens Road
Aberdeen
AB15 4YE

Dated: 29th August 2002

PROFESSIONAL FINANCIAL ADVISERS LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 2001**

	Notes	2001 £	2000 £
TURNOVER		286,868	220,078
Cost of sales		<u>(181,878)</u>	<u>(127,646)</u>
GROSS PROFIT		104,990	92,432
Administrative expenses		<u>(69,177)</u>	<u>(43,993)</u>
OPERATING PROFIT	3	35,813	48,439
Interest receivable and similar income		<u>5,765</u>	<u>3,142</u>
		41,578	51,581
Interest payable and similar charges	4	<u>(2,292)</u>	<u>(2,400)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		39,286	49,181
Tax on profit on ordinary activities	5	<u>(7,649)</u>	<u>(9,778)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		31,637	39,403
Dividends	6	<u>(28,473)</u>	<u>(37,453)</u>
RETAINED PROFIT FOR THE YEAR		<u>£3,164</u>	<u>£1,950</u>

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

PROFESSIONAL FINANCIAL ADVISERS LTD

**BALANCE SHEET
31ST OCTOBER 2001**

	Notes	2001 £	2000 £
FIXED ASSETS:			
Tangible assets	8	37,180	25,970
CURRENT ASSETS:			
Debtors	9	44,841	40,359
Cash at bank and in hand		<u>94,560</u>	<u>122,811</u>
		139,401	163,170
CREDITORS:			
Amounts falling due within one year	10	<u>(87,919)</u>	<u>(108,939)</u>
NET CURRENT ASSETS:		<u>51,482</u>	<u>54,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		88,662	80,201
CREDITORS:			
Amounts falling due after more than one year	11	<u>(18,317)</u>	<u>(13,020)</u>
		<u>£70,345</u>	<u>£67,181</u>
CAPITAL AND RESERVES:			
Called up share capital	14	61,000	61,000
Share premium account	15	1,680	1,680
Profit and loss account	15	<u>7,665</u>	<u>4,501</u>
SHAREHOLDERS' FUNDS:	17	<u>£70,345</u>	<u>£67,181</u>

ON BEHALF OF THE BOARD:



A J Harvie - DIRECTOR

Approved by the Board on 29th August 2002

The notes form part of these financial statements

PROFESSIONAL FINANCIAL ADVISERS LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2001**

	Notes	2001 £	2000 £
Net cash inflow from operating activities	1	34,062	53,118
Returns on investments and servicing of finance	2	3,473	742
Taxation	2	(9,295)	(483)
Capital expenditure	2	(23,446)	(34,165)
Equity dividends paid		(31,669)	(15,284)
		<u>(26,875)</u>	<u>3,928</u>
Financing	2	8,836	71,164
(Decrease)/Increase in cash in the period		<u>£(18,039)</u>	<u>£75,092</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(18,039)	75,092
Cash inflow from increase in debt and lease financing		<u>(8,836)</u>	<u>(9,484)</u>
Change in net funds resulting from cash flows		<u>(26,875)</u>	<u>65,608</u>
Movement in net funds in the period		(26,875)	65,608
Net funds at 1st November		<u>92,772</u>	<u>27,164</u>
Net funds at 31st October		<u>£65,897</u>	<u>£92,772</u>

The notes form part of these financial statements



NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2001

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

	2001 £	2000 £
Operating profit	35,813	48,439
Depreciation charges	12,236	8,195
Increase in debtors	(4,482)	(27,195)
Decrease/(Increase) in creditors	(9,505)	23,679
Net cash inflow from operating activities	34,062	53,118

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

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	5,765	3,142
Interest paid	(360)	(1,056)
Interest element of hire purchase payments	(1,932)	(1,344)
Net cash inflow for returns on investments and servicing of finance	3,473	742
Taxation		
Taxation paid	(9,778)	(483)
Taxation refund	483	-
Net cash outflow for taxation	(9,295)	(483)
Capital expenditure		
Purchase of tangible fixed assets	(23,446)	(34,165)
Net cash outflow for capital expenditure	(23,446)	(34,165)
Financing		
New loans in year	15,515	23,013
Capital repayments in year	(6,679)	(13,529)
Share issue	-	60,000
Share premium	-	1,680
Net cash inflow from financing	8,836	71,164

The notes form part of these financial statements

PROFESSIONAL FINANCIAL ADVISERS LTD

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2001**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.00 £	Cash flow £	At 31.10.01 £
Net cash:			
Cash at bank and in hand	122,811	(28,251)	94,560
Bank overdraft	(11,555)	10,212	(1,343)
	<u>111,256</u>	<u>(18,039)</u>	<u>93,217</u>
Debt:			
Hire purchase	(18,484)	(8,836)	(27,320)
	<u>(18,484)</u>	<u>(8,836)</u>	<u>(27,320)</u>
Total	<u>92,772</u>	<u>(26,875)</u>	<u>65,897</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents commissions receivable on life, investment and pension contracts and the total invoice value, excluding value added tax, of services rendered during the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% straight line

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

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.

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.

Indemnity commission

A provision of 2.5% of premiums received on life policies and pension contracts is made to cover the liability of repayment in the event that premiums cease within the indemnity period. Provision is made only if the amount involved is material.

2. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	147,638	101,101
Social security costs	14,481	9,241
Other pension costs	767	662
	<u>162,886</u>	<u>111,004</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

2. STAFF COSTS - continued

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

	2001	2000
Administration	5	4
Sales	3	2
	<u>8</u>	<u>6</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2001 £	2000 £
Other operating leases	10,422	3,342
Depreciation - owned assets	3,196	2,179
Depreciation - assets on hire purchase contracts	9,040	6,016
Auditors remuneration	1,175	1,175
	<u>99,835</u>	<u>72,001</u>
Directors' emoluments		

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank interest	360	335
Other interest	-	721
Hire purchase	1,932	1,344
	<u>2,292</u>	<u>2,400</u>

5. TAXATION

Analysis of the tax charge

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

	2001 £	2000 £
Current tax:		
UK corporation tax	7,649	9,778
Tax on profit on ordinary activities	<u>7,649</u>	<u>9,778</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

6. DIVIDENDS

	2001 £	2000 £
Equity shares:		
16,000 Ordinary shares class A shares of £1.00 each		
Interim	-	10,000
45,000 Ordinary shares class B shares of £1.00 each		
Interim	28,473	27,453
	<u>28,473</u>	<u>37,453</u>

7. PENSION COSTS

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 £766.64 (2000: £662).

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST:				
At 1st November 2000	3,275	23,500	7,390	34,165
Additions	4,043	16,900	2,503	23,446
At 31st October 2001	<u>7,318</u>	<u>40,400</u>	<u>9,893</u>	<u>57,611</u>
DEPRECIATION:				
At 1st November 2000	815	5,900	1,480	8,195
Charge for year	1,623	8,630	1,983	12,236
At 31st October 2001	<u>2,438</u>	<u>14,530</u>	<u>3,463</u>	<u>20,431</u>
NET BOOK VALUE:				
At 31st October 2001	<u>4,880</u>	<u>25,870</u>	<u>6,430</u>	<u>37,180</u>
At 31st October 2000	<u>2,460</u>	<u>17,600</u>	<u>5,910</u>	<u>25,970</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £	Computer equipment £	Totals £
COST:			
At 1st November 2000	18,500	6,766	25,266
Additions	16,900	-	16,900
At 31st October 2001	35,400	6,766	42,166
DEPRECIATION:			
At 1st November 2000	4,650	1,366	6,016
Charge for year	7,690	1,350	9,040
At 31st October 2001	12,340	2,716	15,056
NET BOOK VALUE:			
At 31st October 2001	23,060	4,050	27,110
At 31st October 2000	13,850	5,400	19,250

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade debtors	43,412	38,235
Other debtors	1,429	2,124
	44,841	40,359

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts (see note 12)	1,343	11,555
Hire purchase contracts (see note 13)	9,003	5,464
Trade creditors	13,060	24,350
Corporation tax	7,649	9,295
Social security and other taxes	11,171	6,047
VAT	3,471	810
Proposed dividends	18,973	22,169
Directors' loan accounts	23,249	29,249
	87,919	108,939

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Hire purchase contracts (see note 13)	18,317	13,020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

12. LOANS

An analysis of the maturity of loans is given below:

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,343</u>	<u>11,555</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2001 £	2000 £
Gross obligations repayable:		
Within one year	11,496	7,068
Between one and five years	<u>19,936</u>	<u>14,917</u>
	<u>31,432</u>	<u>21,985</u>
Finance charges repayable:		
Within one year	2,493	1,604
Between one and five years	<u>1,619</u>	<u>1,897</u>
	<u>4,112</u>	<u>3,501</u>
Net obligations repayable:		
Within one year	9,003	5,464
Between one and five years	<u>18,317</u>	<u>13,020</u>
	<u>27,320</u>	<u>18,484</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2001 £	2000 £
Expiring:		
Between one and five years	<u>10,422</u>	<u>10,422</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

14. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2001	2000
Number:	Class:		£	£
23,999	Ordinary shares class A	£1.00	23,999	23,999
75,000	Ordinary shares class B	£1.00	75,000	75,000
			<u>98,999</u>	<u>98,999</u>

Allotted, issued and fully paid:		Nominal value:	2001	2000
Number:	Class:		£	£
16,000	Ordinary shares class A	£1.00	16,000	16,000
45,000	Ordinary shares class B	£1.00	45,000	45,000
			<u>61,000</u>	<u>61,000</u>

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 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 company's assets as determined by the liquidator.

15. RESERVES

	Profit and loss account £	Share premium account £	Totals £
At 1st November 2000	4,501	1,680	6,181
Retained profit for the year	<u>3,164</u>	<u>-</u>	<u>3,164</u>
At 31st October 2001	<u>7,665</u>	<u>1,680</u>	<u>9,345</u>

16. RELATED PARTY DISCLOSURES

£6,000 was paid to Mr A J Harvie being part repayment of his loan to the company as detailed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	31,637	39,403
Dividends	(28,473)	(37,453)
	<u>3,164</u>	<u>1,950</u>
New share capital subscribed	-	61,680
	<u>3,164</u>	<u>63,630</u>
Net addition to shareholders' funds	67,181	3,551
Opening shareholders' funds		
	<u>70,345</u>	<u>67,181</u>
Closing shareholders' funds		
	<u>70,345</u>	<u>67,181</u>
Equity interests		
	<u>70,345</u>	<u>67,181</u>