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BAVERSTOCKS
Chartered Accountants

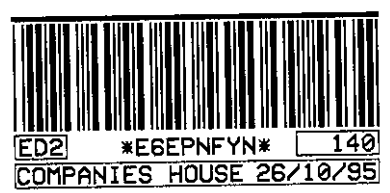
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FRASER-HANN FINANCIAL SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

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LAWLEY HOUSE, BUTT ROAD, COLCHESTER, ESSEX. C03 3DG
DICKENS HOUSE, GUTHAVON STREET, WITHAM, ESSEX. CM8 1BJ

FRASER-HANN FINANCIAL SERVICES LIMITED

DIRECTORS AND ADVISORS

Directors: K. I. Hann - Chairman
P. Hann

Secretary: P. Hann

Registered Office: 7 The Square,
Martlesham Heath,
IPSWICH,
Suffolk.
IP5 7SL

Auditors: Baverstocks,
Dickens House,
Guithavon Street,
WITHAM,
Essex.
CM8 1BJ

Bankers: Midland Bank Plc.,
75 Llandennis Road,
Rhyd-Y-Penau,
CARDIFF.
CF2 6EE

Registered in England
Registered Number : 2183530

FRASER-HANN FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and Audited Financial Statements for the year ended 31 December 1994.

Principal Activity

The Company has continued its principal activity as mortgage and insurance brokers and there have been no significant changes during the year under review.

Results and Dividends

The results for the year are set out on page 5.
The Directors are not able to recommend the payment of a dividend.

Review of the Business and Future Developments

The Company has generated a profit for the year after taxation of £7259 which has been transferred to reserves. The Board has no plans to significantly alter the activities or trading pattern of the Company at the present time.

Fixed Assets

Details of changes in fixed assets are shown in note 6 to the Financial Statements. The Directors consider that the fixed assets are worth not less than the value stated in the Financial Statements.

Directors

The Directors at 31 December 1994 together with their interests and those of their family in the £1 ordinary shares of the Company were as follows:

	<u>31 December 1994</u>	<u>1 January 1994</u>
K. I. Hann	500	500
P. Hann	500	500

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 its profit or loss for the year. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable.
- Prepare the Financial Statements on the going concern basis unless it is not appropriate 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FRASER-HANN FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

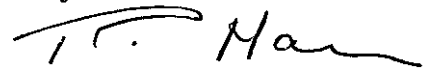
Post Balance Sheet Events

There have been no events since the Balance Sheet date which materially affect the financial position of the Company at that date.

Auditors

Baverstocks, Registered Auditors and Chartered Accountants, will continue in office in the coming year in accordance with the provisions of Section 386 of the Companies Act 1985 by Elective Resolution of the members passed on 1 January 1991.

By Order of the Board



P. Hann
Secretary

13 October 1995

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

FRASER-HANN FINANCIAL SERVICES LIMITED

We have audited the Financial Statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of the 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 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 consider 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.

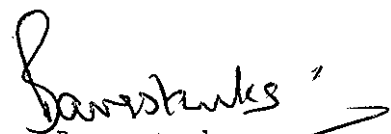
In forming our opinion, we have considered the adequacy of the disclosures made in the Financial Statements concerning the continued support of the Company's creditors. The Financial Statements have been prepared on a going concern basis, the validity of which depends on the continued support of the Company's bankers and other creditors. The Financial Statements do not include any adjustment that would result if the Company was not a going concern. Details of this are disclosed in note 1 to the Financial Statements. Our opinion is not qualified in this respect.

Opinion

In our opinion, the Financial Statements give a true and fair view of the state of affairs of the Company at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as applicable to small Companies.

Dickens House,
Guithavon Street,
WITHAM,
Essex.
CM8 1BJ

13 October 1995


Bavestocks,
Registered Auditors,
Chartered Accountants

FRASER-HANN FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
Turnover		143005	184446
Net Operating Expenses		128025	160547
		<hr/>	<hr/>
Operating Profit	2	14980	23899
(Loss) on Disposal of Fixed Assets		(773)	(2405)
		<hr/>	<hr/>
Profit on Ordinary Activities Before Interest		14207	21494
Other Interest Receivable and Similar Income		-	11
Interest Payable and Similar Charges	3	4830	6288
		<hr/>	<hr/>
Profit on Ordinary Activities Before Taxation		9377	15217
Tax on Profit on Ordinary Activities	5	2118	2073
		<hr/>	<hr/>
Retained Profit for the Year	12	<u>£7259</u>	<u>£13144</u>

Continuing Operations

None of the Company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains and Losses


The Company has no recognised gains or losses other than the profit for the above two financial years.


FRASER-HANN FINANCIAL SERVICES LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
<u>Fixed Assets</u>			
Tangible Assets	6	33387	29523
<u>Current Assets</u>			
Debtors	7	19699	12264
Cash at Bank and in Hand		5	2630
		<u>19704</u>	<u>14894</u>
<u>Creditors (Amounts Falling Due Within One Year)</u>	8	46215	26580
		<u>(26511)</u>	<u>(11686)</u>
<u>Total Assets Less Current Liabilities</u>		6876	17837
<u>Creditors (Amounts Falling Due After More Than One Year)</u>	9	13333	31553
		<u>£(6457)</u>	<u>£(13716)</u>
<u>Capital and Reserves</u>			
Called Up Share Capital	11	1000	1000
Profit and Loss Account		(7457)	(14716)
	12	<u>£(6457)</u>	<u>£(13716)</u>

Approved by the Board on: 13 October 1995


K. I. Hann


P. Hann

FRASER-HANN FINANCIAL SERVICES LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
Net Cash Inflow from Operating Activities	1	32769	37815
Returns on Investments and Servicing of Finance:			
Interest Received		-	11
Interest Paid		(4830)	(6288)
		-----	-----
Net Cash (Outflow) from Returns on Investments and Servicing of Finance		(4830)	(6277)
		-----	-----
		27939	31538
Taxation:			
Corporation Tax Recovered		-	1001
Corporation Tax Paid		(2054)	-
A.C.T. Recovered		733	-
		-----	-----
		26618	32539
Investing Activities:			
Payments to Acquire Tangible Assets		(26756)	(30821)
Receipts from Sale of Tangible Assets		17500	12024
		-----	-----
Net Cash (Outflow) from Investing Activities		(9256)	(18797)
		-----	-----
Net Cash Inflow Before Financing		17362	13742
Financing:			
Repayments of Loans		(20129)	(2397)
		-----	-----
Net Cash (Outflow) from Financing	2	(20129)	(2397)
		-----	-----
(Decrease)/Increase in Cash and Cash Equivalents	3	£(2767)	£11345
		=====	=====

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994

1. Accounting Policies

The following accounting policies have been adopted in the preparation of the Financial Statements.

i) Going Concern

The Directors have prepared the Financial Statements on a going concern basis, as the Company is relying on the continued support of its creditors. In the event that the Company could not continue on a going concern basis then adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide any further liabilities which might arise and to reclassify fixed assets as current assets.

ii) Accounting Convention

The Financial Statements have been prepared under the historical cost convention.

iii) Turnover

Turnover comprises commission income derived from Insurance Services supplied to third parties. These are taken to the Profit and Loss Account after receiving underwriters approval of risks placed with them.

iv) Depreciation

Depreciation has been charged to write off the following classes of tangible asset on the bases shown below:

Motor Vehicles	25% reducing balance
Furniture, Fittings and Equipment	15% reducing balance

v) Deferred Taxation

It is the Company's policy to provide for deferred taxation only in circumstances where, in the opinion of the Directors, the tax is likely to become payable in the foreseeable future.

vi) Assets Under Hire Purchase Contracts

Where assets are financed by hire purchase contracts the assets are included in the Balance Sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of hire purchase obligations is charged to the Profit and Loss Account over the period of the contract.

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
2. <u>Operating Profit</u>		
This is arrived at after charging:		
Staff Costs		
Wages and Salaries	64933	85286
Social Security Costs	7829	9597
Depreciation of Owned Tangible Assets	1573	1187
Depreciation of Assets Held Under Hire Purchase Contracts	3046	7599
Equipment Leasing	-	159
Auditors Remuneration	1300	1600
	<u> </u>	<u> </u>
3. <u>Interest Payable and Similar Charges</u>		
Bank Overdraft		
- Repayable Within 5 Years, Not By Instalments	-	243
Interest on Loan, - Repayable In Part After 5 Years, By Instalments	1456	1787
Hire Purchase Interest	3374	4258
	<u> </u>	<u> </u>
	£4830	£6288
	<u> </u>	<u> </u>
4. <u>Employees</u>	<u>No</u>	<u>No</u>
The average number of persons employed during the year were:		
Administration and Management	3	3
	<u> </u>	<u> </u>
5. <u>Tax on Profit on Ordinary Activities</u>		
U.K. Corporation Tax @ 25%	2137	2073
Adjustment in Respect of Prior Years	(19)	-
	<u> </u>	<u> </u>
	£2118	£2073
	<u> </u>	<u> </u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

6. Tangible Assets

	<u>Motor Vehicles</u>	<u>Furniture, Fittings and Equipment</u>	<u>Total</u>
<u>Cost</u>			
At 1 January 1994	30394	11949	42343
Additions	22995	3761	26756
Disposals	(24364)	-	(24364)
	-----	-----	-----
At 31 December 1994	29025	15710	44735
	-----	-----	-----
<u>Depreciation</u>			
At 1 January 1994	7599	5221	12820
Provided	3046	1573	4619
Disposals	(6091)	-	(6091)
	-----	-----	-----
At 31 December 1994	4554	6794	11348
	-----	-----	-----
<u>Net Book Values:</u>			
At 31 December 1994	<u>£24471</u>	<u>£8916</u>	<u>£33387</u>
At 31 December 1993	<u>£22795</u>	<u>£6728</u>	<u>£29523</u>
		<u>1994</u>	<u>1993</u>

7. Debtors

Trade Debtors	14884	5131
Directors Loan Account	-	1483
ACT Recoverable	-	733
Other Debtors	2990	3390
Prepayments and Accrued Income	1825	1527
	-----	-----
	<u>£19699</u>	<u>£12264</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
8. <u>Creditors (Amounts Falling Due Within One Year)</u>		
Bank Loan and Overdraft (note 10)	142	2691
Trade Creditors	-	1350
Directors Loan Account	19096	-
Hire Purchase Liabilities	6741	7820
Corporation Tax	2137	2073
Social Security and Other Taxes	6389	9904
Other Creditors	10291	-
Accruals and Deferred Income	1419	2742
	<u>£46215</u>	<u>£26580</u>
	<u>=====</u>	<u>=====</u>
9. <u>Creditors (Amounts Falling Due After More Than One Year)</u>		
Bank Loan	-	17438
Hire Purchase Liabilities	13333	14115
	<u>£13333</u>	<u>£31553</u>
	<u>=====</u>	<u>=====</u>
10. <u>Bank Loan and Overdraft</u>		
Repayable Within One Year - Overdraft	142	-
- Loan	-	2691
	<u>142</u>	<u>2691</u>
Repayable After More Than One Year - Loan	-	17438
	<u>£142</u>	<u>£20129</u>
	<u>=====</u>	<u>=====</u>
11. <u>Called Up Share Capital</u>		
Ordinary Shares of £1 each Authorised	<u>£1000</u>	<u>£1000</u>
	<u>=====</u>	<u>=====</u>
Issued and Fully Paid	<u>£1000</u>	<u>£1000</u>
	<u>=====</u>	<u>=====</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
12. <u>Reconciliation of Movements on Shareholders Funds</u>		
Retained Profit for the Year	7259	13144
Opening Shareholders Funds at 1 January 1994	(13716)	(26860)
	-----	-----
Closing Shareholders Funds at 31 December 1994	£(6457)	£(13716)
	=====	=====

13. Directors Interests in Transactions

Included within the debtors shown on the Company Balance Sheet at 31 December 1994 is an amount of £Nil (1993 : £1483) due from the Directors. The maximum amount of this loan during the year was £1483. The loan was repaid to the Company on 10 January 1994.

14. Contingent Liabilities

No material contingent liabilities existed at the Balance Sheet date.

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u>	<u>1993</u>	
1. <u>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</u>			
Operating Profit	14980	23899	
Depreciation Charges	4619	8786	
(Increase) in Debtors	(8168)	(4838)	
Increase in Creditors	21338	9968	
	-----	-----	
Net Cash Inflow from Operating Activities	£32769	£37815	
	=====	=====	
2. <u>Analysis of Changes in Financing During the Year</u>			
Balance at 1 January 1994	20129	22526	
Net Cash (Outflow)	(20129)	(2397)	
	-----	-----	
Balance at 31 December 1994	£ -	£20129	
	=====	=====	
3. <u>Analysis of the Balances of Cash and Cash Equivalents as Shown in the Balance Sheet</u>			
	<u>1994</u>	<u>1993</u>	<u>Change in the Year</u>
Cash at Bank and in Hand	5	2630	(2625)
Bank Overdraft	(142)	-	(142)
	-----	-----	-----
	£(137)	£2630	£(2767)
	=====	=====	=====

FRASER-HANN FINANCIAL SERVICES LIMITED

INTERNAL PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u>	<u>1993</u>
Commissions Receivable	143005	184446
 <u>Establishment Expenses</u>		
Rent and Rates	16755	10992
Light and Heat	459	628
Property Service Charges	-	1595
Repairs to Premises	166	355
	<hr/>	<hr/>
	17380	13570
	<hr/>	<hr/>
 <u>Administration Expenses</u>		
Commissions Paid	5293	17687
Salaries and Training Costs	29029	34115
Motor and Travelling Expenses	10924	11667
Telephone and Computer Services	1437	1691
Postage, Stationery and Advertising	1707	2882
Equipment Leasing	-	159
Licenses and Insurances	1748	1607
Subscriptions	2912	2201
Bank Charges	456	779
Legal and Professional Fees	3808	-
Audit and Accountancy	2045	2389
Sundry Expenses and Cleaning	1897	2246
	<hr/>	<hr/>
	61256	77423
	<hr/>	<hr/>
 <u>Depreciation</u>		
Motor Vehicles	3046	7599
Furniture, Fittings and Equipment	1573	1187
Loss on Disposal of Fixed Assets	773	2405
	<hr/>	<hr/>
	5392	11191
	<hr/>	<hr/>

FRASER-HANN FINANCIAL SERVICES LIMITED

INTERNAL PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
<u>Directors Remuneration</u>		
K. I. Hann	23837	27333
P. Hann	14682	26908
National Insurance Contributions	5214	6527
Directors Life Insurance	1037	-
	<hr/>	<hr/>
	44770	60768
	<hr/>	<hr/>
	128798	162952
	<hr/>	<hr/>
Profit on Ordinary Activities Before Interest	14207	21494
<u>Other Interest Receivable and Similar Income</u>		
Corporation Tax Supplement	-	11
<u>Interest Payable and Similar Charges</u>		
Bank Overdraft Interest	-	243
Bank Loan Interest	1456	1787
Hire Purchase Interest	3374	4258
	<hr/>	<hr/>
	4830	6288
	<hr/>	<hr/>
Profit on Ordinary Activities Before Taxation	9377	15217
Tax on Profit on Ordinary Activities	2118	2073
	<hr/>	<hr/>
<u>Retained Profit for the Year</u>	<u>£7259</u>	<u>£13144</u>

(NB. This Internal Profit and Loss Account does not form part of the Company's statutory Financial Statements).