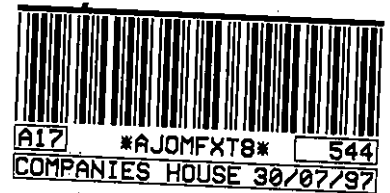


"Registrar"

BAVERSTOCKS
Chartered Accountants

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995
FOR
FRASER-HANN FINANCIAL SERVICES LIMITED

RECEIVED
25 JUL 1997



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

FRASER-HANN FINANCIAL SERVICES LIMITED

INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Financial Statements	9
Profit and Loss Account	14

FRASER-HANN FINANCIAL SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 1995

DIRECTORS: K I Hann
P Hann

SECRETARY: P Hann

REGISTERED OFFICE: 7 The Square
Martlesham Heath
IPSWICH
Suffolk
IP5 7SL

REGISTERED NUMBER: 02183530 (England and Wales)

AUDITORS: Baverstocks
Registered Auditors
Chartered Accountants
Dickens House
Guithavon Street
WITHAM
Essex CM8 1BJ

BANKERS: Midland Bank Plc
75 Llandennis Road
Rhyd-Y-Penau
CARDIFF
CF2 6EE

FRASER-HANN FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present their report with the financial statements of the company for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of mortgage and insurance brokers and there have been no significant changes during the year under review.

REVIEW OF BUSINESS

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

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year ended 31 December 1995. The retained profit transferred to reserves will be £767.

DIRECTORS

The directors during the year under review were:

K I Hann
P Hann

The beneficial interests of the directors holding office on 31 December 1995 in the issued share capital of the company were as follows:

	31.12.95	1.1.95
Ordinary £1 shares		
K I Hann	500	500
P Hann	500	500

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 judgments 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, Baverstocks, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



P Hann - SECRETARY

Dated: 24/3/95

FRASER-HANN FINANCIAL SERVICES LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
FRASER-HANN FINANCIAL SERVICES LIMITED**

We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page nine.

Respective responsibilities of directors and auditors

As described on page two 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 judgments 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.

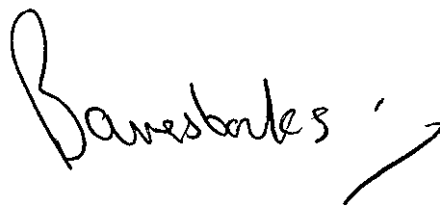
Going concern

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 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 the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baverstocks
Registered Auditors
Chartered Accountants
Dickens House
Guithavon Street
WITHAM
Essex CM8 1BJ

A handwritten signature in cursive script that reads "Baverstocks" with a long horizontal stroke extending to the right.

Dated: 25 July 1997

FRASER-HANN FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995

		1995	1994
	Notes	£	£
TURNOVER	2	118,701	143,005
GROSS PROFIT		118,701	143,005
Administrative expenses		113,156	128,798
OPERATING PROFIT	4	5,545	14,207
Interest payable and similar charges	5	3,325	4,830
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,220	9,377
Tax on profit on ordinary activities	6	1,453	2,118
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		767	7,259
Deficit brought forward		(7,457)	(14,716)
DEFICIT CARRIED FORWARD		£(6,690)	£(7,457)

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.

FRASER-HANN FINANCIAL SERVICES LIMITED

BALANCE SHEET
31 DECEMBER 1995

		1995		1994	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		29,195		33,387
CURRENT ASSETS:					
Debtors	8	11,548		19,699	
Cash in hand		5		5	
		<u>11,553</u>		<u>19,704</u>	
CREDITORS: Amounts falling due within one year	9	<u>32,400</u>		<u>46,215</u>	
NET CURRENT LIABILITIES:			<u>(20,847)</u>		<u>(26,511)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			8,348		6,876
CREDITORS: Amounts falling due after more than one year	10		<u>14,038</u>		<u>13,333</u>
			<u>£(5,690)</u>		<u>£(6,457)</u>
CAPITAL AND RESERVES:					
Called up share capital	13		1,000		1,000
Profit and loss account			<u>(6,690)</u>		<u>(7,457)</u>
Shareholders' funds	15		<u>£(5,690)</u>		<u>£(6,457)</u>

ON BEHALF OF THE BOARD:


.....
K I Hann - DIRECTOR


.....
P Hann - DIRECTOR

Approved by the Board on 24/2/97

FRASER-HANN FINANCIAL SERVICES LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1995**

		1995		1994	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		16,475		12,190
Returns on investments and servicing of finance	2		(3,325)		(4,830)
Taxation			-		(1,321)
Capital expenditure	2		(4,717)		(9,256)
			<u>8,433</u>		<u>(3,217)</u>
Financing	2		(10,650)		450
Decrease in cash in the period			<u>£(2,217)</u>		<u>£(2,767)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(2,217)		(2,767)	
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing		<u>227</u>		<u>(20,074)</u>	
Change in net debt resulting from cash flows			(1,990)		(22,841)
Movement in net debt in the period			(1,990)		(22,841)
Net (debt)/funds at 1 January 1995			<u>(20,211)</u>		<u>2,630</u>
Net debt at 31 December 1995			<u>£(22,201)</u>		<u>£(20,211)</u>

The notes form part of these financial statements

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1995

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

	1995 £	1994 £
Operating profit	5,545	14,207
Depreciation charges	5,027	4,619
Loss on sale of fixed assets	3,882	773
Decrease/(Increase) in debtors	8,151	(9,651)
(Decrease)/Increase in creditors	(6,130)	2,242
	<hr/>	<hr/>
Net cash inflow from operating activities	16,475	12,190
	<hr/> <hr/>	<hr/> <hr/>

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

	1995 £	1994 £
Returns on investments and servicing of finance		
Interest paid	(314)	(1,456)
Interest element of hire purchase or finance lease rentals payments	(3,011)	(3,374)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(3,325)	(4,830)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
Purchase of tangible fixed assets	(25,306)	(26,756)
Sale of tangible fixed assets	20,589	17,500
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(4,717)	(9,256)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Loan Repayments in Year	-	(20,129)
Amount Introduced by Directors	-	20,579
Amount Withdrawn by Directors	(10,650)	-
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(10,650)	450
	<hr/> <hr/>	<hr/> <hr/>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1995

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.95 £	Cash flow £	At 31.12.95 £
Net cash:			
Cash in hand	5	-	5
Bank overdraft	(142)	(2,217)	(2,359)
	<u>(137)</u>	<u>(2,217)</u>	<u>(2,354)</u>
Debt:			
	<u>(20,074)</u>	<u>227</u>	<u>(19,847)</u>
Total	<u>(20,211)</u>	<u>(1,990)</u>	<u>(22,201)</u>
Analysed in Balance Sheet			
Cash in hand	5		5
Bank overdraft	(142)		(2,359)
Hire purchase or finance leases within one year	(6,741)		(5,809)
after one year	(13,333)		(14,038)
	<u>(20,211)</u>		<u>(22,201)</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

1. **ACCOUNTING POLICIES**

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.

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

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.

Furniture, Fittings & Equipment	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance

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.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **STAFF COSTS**

	1995	1994
	£	£
Wages and salaries	60,789	67,548
Social security costs	3,574	5,214
	<hr/>	<hr/>
	64,363	72,762
	<hr/> <hr/>	<hr/> <hr/>

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

	1995	1994
Management and Administration	3	3
	<hr/>	<hr/>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

4. OPERATING PROFIT

The operating profit is stated after charging:

	1995	1994
	£	£
Depreciation - owned assets	1,337	1,573
Depreciation - assets on hire purchase contracts or finance leases	3,690	3,046
Loss on disposal of fixed assets	3,882	773
Auditors' remuneration	1,998	2,045
	<u> </u>	<u> </u>
Directors' emoluments	37,000	38,519
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1995	1994
	£	£
Bank loans, overdrafts and other loans repayable within five years: otherwise than by instalments	314	1,456
Finance charges - hire purchase contracts or finance leases	3,011	3,374
	<u> </u>	<u> </u>
	3,325	4,830
	<u> </u>	<u> </u>

6. TAXATION

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

	1995	1994
	£	£
Based on the adjusted results of the year:		
UK Corporation Tax	1,453	2,137
Over-provision in prior years	-	(19)
	<u> </u>	<u> </u>
	1,453	2,118
	<u> </u>	<u> </u>

UK Corporation Tax has been charged at 25% (1994 - 25%).

FRASER-HANN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995**

7. TANGIBLE FIXED ASSETS

	Furnitur- e, Fittin- gs & Equipment	Motor Vehicles	Totals
	£	£	£
COST:			
At 1 January 1995	15,710	29,025	44,735
Additions	-	25,306	25,306
Disposals	-	(29,025)	(29,025)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	15,710	25,306	41,016
	<hr/>	<hr/>	<hr/>
DEPRECIATION:			
At 1 January 1995	6,794	4,554	11,348
Charge for year	1,337	3,690	5,027
Eliminated on disposals	-	(4,554)	(4,554)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	8,131	3,690	11,821
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE:			
At 31 December 1995	7,579	21,616	29,195
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1994	8,916	24,471	33,387
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	Motor Vehicles
	£
COST:	
At 1 January 1995	29,025
Additions	25,306
Transferred to ownership	(29,025)
	<hr/>
At 31 December 1995	25,306
	<hr/>
DEPRECIATION:	
At 1 January 1995	4,554
Charge for year	3,690
Transferred to ownership	(4,554)
	<hr/>
At 31 December 1995	3,690
	<hr/>
NET BOOK VALUE:	
At 31 December 1995	21,616
	<hr/> <hr/>
At 31 December 1994	24,471
	<hr/> <hr/>

FRASER-HANN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995**

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

	1995 £	1994 £
Trade Debtors	10,132	14,884
Other Debtors	-	2,990
Prepayments and Accrued Income	1,416	1,825
	<u>11,548</u>	<u>19,699</u>

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

	1995 £	1994 £
Bank loans and overdrafts (see note 11)	2,359	142
Directors Loan Accounts	8,446	19,096
Hire Purchase Liabilities	5,809	6,741
Other Creditors	2,922	10,291
Social Security & Other Taxes	7,699	6,389
Corporation Tax	3,590	2,137
Accruals and Deferred Income	1,575	1,419
	<u>32,400</u>	<u>46,215</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1995 £	1994 £
Hire Purchase Liabilities	14,038	13,333

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1995 £	1994 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,359</u>	<u>142</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	1995 £	1994 £
Bank overdrafts	<u>2,359</u>	<u>142</u>

Bank borrowings are secured by a debenture over the company's assets.

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1995 £	1994 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

14. TRANSACTIONS WITH DIRECTORS

In the year under review the company sold a motor vehicle to K I Hann. In the opinion of the directors the proceeds of £2500 constituted a fair market value.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	<u>767</u>	<u>7,259</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	<u>767</u>	<u>7,259</u>
Opening shareholders' funds	<u>(6,457)</u>	<u>(13,716)</u>
CLOSING SHAREHOLDERS' FUNDS	<u>(5,690)</u>	<u>(6,457)</u>
Equity interests	<u>(5,690)</u>	<u>(6,457)</u>

FRASER-HANN FINANCIAL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995**

	1995		1994	
	£	£	£	£
Income:				
Commissions Receivable		118,701		143,005
Administration costs:				
Directors Remuneration	37,000		38,519	
Employers National Insurance	3,574		5,214	
Salaries and Training Costs	23,789		29,029	
Directors Life Insurance	958		1,037	
Telephone and Computer Services	2,073		1,437	
Postage, Stationery and Advertising	1,731		1,707	
Motor and Travelling Expenses	11,225		10,924	
Licenses and Insurances	4,140		1,748	
Subscriptions	2,661		2,912	
Sundry Expenses and Cleaning	993		1,897	
Audit and Accountancy	1,998		2,045	
Legal and Professional Fees	1,616		3,808	
		<u>91,758</u>		<u>100,277</u>
		26,943		42,728
Selling and marketing costs:				
Commissions Paid		5,199		5,293
		<u>21,744</u>		<u>37,435</u>
Establishment costs:				
Rent and Rates	4,776		16,755	
Light and Heat	1,190		459	
Repairs and Renewals	386		166	
		<u>6,352</u>		<u>17,380</u>
		15,392		20,055
Finance costs:				
Bank Overdraft Interest	281		-	
Bank Loan Interest	33		1,456	
Hire Purchase Interest	3,011		3,374	
Bank Charges	924		456	
Interest on P.A.Y.E.	14		-	
		<u>4,263</u>		<u>5,286</u>
		11,129		14,769
Depreciation:				
Furniture, Fittings & Equipment	1,337		1,573	
Motor Vehicles	3,690		3,046	
		<u>5,027</u>		<u>4,619</u>
Carried forward		6,102		10,150

This page does not form part of the statutory financial statements

FRASER-HANN FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995

	1995		1994	
	£	£	£	£
Brought forward		6,102		10,150
Loss on disposal of fixed assets:				
Motor Vehicles		(3,882)		(773)
NET PROFIT		<u>£2,220</u>		<u>£9,377</u>