

COMPANY NO.  
02183580

**FRASER - HANN FINANCIAL SERVICES LIMITED**  
**Report of the Directors and**  
**Financial Statements for the Year Ended 31st December 2003**

Barry Hagger FCA  
Shirebrook House  
Buxhall  
Stowmarket  
Suffolk  
IP14 3DQ



**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Company Information  
for the Year Ended 31st December 2003**

**DIRECTORS:**

K I Hann  
Mrs P Hann  
C Hann

**SECRETARY:**

Mrs P Hann

**REGISTERED OFFICE:**

7 The Square  
Martlesham Heath  
Ipswich  
Suffolk  
IP5 3SL

**REGISTERED NUMBER:**

02183530 (England and Wales)

**AUDITORS:**

Barry Hagger FCA  
Shirebrook House  
Buxhall  
Stowmarket  
Suffolk  
IP14 3DQ

# FRASER - HANN FINANCIAL SERVICES LIMITED

## Report of the Directors for the Year Ended 31st December 2003

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

### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance and investment advisors.

### REVIEW OF BUSINESS

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

### DIVIDENDS

Interim dividends per share were paid as follows:

£10.80	- 31st March 2003
£15.00	- 30th June 2003
£17.50	- 28th October 2003
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£43.30	
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The directors recommend a final dividend of £11.70 per share, making a total of £55.00 per share for the year ended 31st December 2003.

The total distribution of dividends for the year ended 31st December 2003 will be £55,000.

### DIRECTORS

The directors during the year under review were:

K I Hann  
Mrs P Hann  
C Hann

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

	31.12.03	1.1.03
<b>Ordinary £1 shares</b>		
K I Hann	500	500
Mrs P Hann	500	500
C Hann	-	-

### 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.

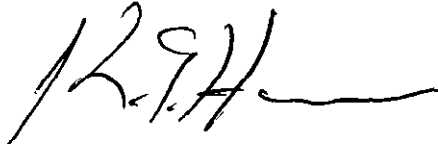
**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Report of the Directors  
for the Year Ended 31st December 2003**

**AUDITORS**

The auditors, Barry Hagger FCA, 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 read 'K I Hann', with a long horizontal flourish extending to the right.

K I Hann - Director

27th October 2004

**Report of the Independent Auditor to the Shareholders of  
Fraser - Hann Financial Services Limited**

I have audited the financial statements of Fraser - Hann Financial Services Limited for the year ended 31st December 2003 on pages five to fifteen. 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

**Respective responsibilities of directors and auditor**

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.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Report of the Directors and consider the implications for my report if I become aware of any apparent misstatements within it.

**Basis of audit opinion**

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



B.T. Hagger FCA  
Chartered Accountant &  
Registered Auditor  
Shirebrook House  
Buxhall  
Stowmarket  
Suffolk  
IP14 3DQ

27th October 2004

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Profit and Loss Account  
for the Year Ended 31st December 2003**

		<u>2003</u>	<u>2002</u>
	Notes	£	£
<b>TURNOVER</b>		<b>193,245</b>	194,621
Cost of sales		<u>8,834</u>	<u>5,517</u>
<b>GROSS PROFIT</b>		<b>184,411</b>	189,104
Administrative expenses		<u>121,194</u>	<u>135,004</u>
		63,217	54,100
Other operating income		<u>4,365</u>	<u>5,820</u>
<b>OPERATING PROFIT</b>	3	<b>67,582</b>	59,920
Interest receivable and similar income		<u>698</u>	<u>1,345</u>
		68,280	61,265
Interest payable and similar charges	4	<u>2,302</u>	<u>1,763</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>65,978</b>	59,502
Tax on profit on ordinary activities	5	<u>10,944</u>	<u>13,501</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>55,034</b>	46,001
Dividends	6	<u>55,000</u>	<u>78,500</u>
		34	(32,499)
Retained profit brought forward		<u>59,887</u>	<u>92,386</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b><u>£59,921</u></b>	<b><u>£59,887</u></b>

**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

FRASER - HANN FINANCIAL SERVICES LIMITED

Balance Sheet  
31st December 2003

	Notes	2003		2002	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	7		37,876		49,647
<b>CURRENT ASSETS:</b>					
Debtors	8	26,621		17,517	
Cash at bank		51,926		49,001	
		<u>78,547</u>		<u>66,518</u>	
<b>CREDITORS:</b> Amounts falling due within one year	9	50,583		40,515	
<b>NET CURRENT ASSETS:</b>			<u>27,964</u>		<u>26,003</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			65,840		75,650
<b>CREDITORS:</b> Amounts falling due after more than one year	10		(685)		(5,464)
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	11		(4,234)		(9,299)
			<u>£60,921</u>		<u>£60,887</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	12		1,000		1,000
Profit and loss account			59,921		59,887
<b>SHAREHOLDERS' FUNDS:</b>	14		<u>£60,921</u>		<u>£60,887</u>

ON BEHALF OF THE BOARD:



K I Hann - Director

Approved by the Board on 27th October 2004

The notes form part of these financial statements

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Cash Flow Statement  
for the Year Ended 31st December 2003**

	Notes	2003		2002	
		£	£	£	£
Net cash inflow from operating activities	1		69,040		84,680
Returns on investments and servicing of finance	2		(1,604)		(418)
Taxation			(10,000)		(14,988)
Capital expenditure	2		5,696		1,379
Equity dividends paid			(42,200)		(78,500)
			<u>20,932</u>		<u>(7,847)</u>
Financing	2		(18,007)		(14,544)
Increase/(Decrease) in cash in the period			<u>£2,925</u>		<u>£(22,391)</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period			2,925		(22,391)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>18,007</u>		<u>(3,886)</u>
Change in net funds resulting from cash flows			20,932		(26,277)
New finance leases			(5,000)		9,215
Movement in net funds in the period			<u>15,932</u>		<u>(17,062)</u>
Net funds at 1st January			<u>31,258</u>		<u>48,320</u>
Net funds at 31st December			<u>£47,190</u>		<u>£31,258</u>

The notes form part of these financial statements



**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Cash Flow Statement  
for the Year Ended 31st December 2003**

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

	2003	2002
	£	£
Operating profit	67,582	59,920
Depreciation charges	10,110	17,743
Loss on sale of fixed assets	965	-
Profit on sale of fixed assets	-	(1,913)
Other Provisions	(5,565)	9,299
Increase in debtors	(9,104)	(2,804)
Increase in creditors	5,052	2,435
	<u>69,040</u>	<u>84,680</u>
<b>Net cash inflow from operating activities</b>	<b><u>69,040</u></b>	<b><u>84,680</u></b>

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

	2003	2002
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	698	1,345
Interest paid	(51)	-
Interest element of hire purchase or finance lease rentals payments	(2,251)	(1,763)
	<u>(1,604)</u>	<u>(418)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(42,248)	(8,221)
Sale of tangible fixed assets	47,944	9,600
	<u>5,696</u>	<u>1,379</u>
<b>Financing</b>		
Capital repayments	(18,007)	(14,544)
	<u>(18,007)</u>	<u>(14,544)</u>

The notes form part of these financial statements

FRASER - HANN FINANCIAL SERVICES LIMITED

Notes to the Cash Flow Statement  
for the Year Ended 31st December 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	Other non-cash changes £	At 31.12.03 £
Net cash:				
Cash at bank	49,001	2,925		51,926
	<u>49,001</u>	<u>2,925</u>		<u>51,926</u>
Debt:				
Hire purchase or finance leases	(17,743)	18,007	(5,000)	(4,736)
	<u>(17,743)</u>	<u>18,007</u>	<u>(5,000)</u>	<u>(4,736)</u>
Total	<u>31,258</u>	<u>20,932</u>	<u>(5,000)</u>	<u>47,190</u>
<b>Analysed in Balance Sheet</b>				
Cash at bank	49,001			51,926
Hire purchase or finance leases within one year	(12,279)			(4,051)
after one year	(5,464)			(685)
	<u>31,258</u>			<u>47,190</u>

The notes form part of these financial statements

# FRASER - HANN FINANCIAL SERVICES LIMITED

## Notes to the Financial Statements for the Year Ended 31st December 2003

### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Turnover

Turnover represents commissions earned on life and pension policies and investment arrangements completed during the year, where the company is entitled absolutely to the commission. Where policies are arranged on indemnity terms, commission is credited to the profit and loss account only after making due provision for commission which could be recoverable by insurance companies in the event that policies are cancelled in the future.

Turnover is attributable to one continuing activity, that of insurance and investment advisors.

#### 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 15%  
Motor vehicles 25%  
Computer equipment 25%

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### 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.

#### Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

### 2. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	51,785	56,335
Social security costs	6,834	4,429
Other pension costs	1,323	3,171
	<u>59,942</u>	<u>63,935</u>

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

2003	2002
4	4
<u>4</u>	<u>4</u>

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements  
for the Year Ended 31st December 2003**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation - owned assets	3,422	6,342
Depreciation - assets on hire purchase contracts or finance leases	6,688	11,401
Loss/(Profit) on disposal of fixed assets	965	(1,913)
Auditor's remuneration	<u>3,249</u>	<u>1,469</u>
Directors' emoluments	39,361	16,000
Directors' pension contributions to money purchase schemes	<u>1,323</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003	2002
	£	£
Corporation tax interest	51	-
Hire purchase	<u>2,251</u>	<u>1,763</u>
	<u>2,302</u>	<u>1,763</u>

**5. 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	9,800	13,501
Prior year corporation tax	644	-
Total current tax	<u>10,444</u>	<u>13,501</u>
Deferred taxation	<u>500</u>	<u>-</u>
Tax on profit on ordinary activities	<u>10,944</u>	<u>13,501</u>

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements  
for the Year Ended 31st December 2003**

**6. DIVIDENDS**

	2003	2002
	£	£
Equity shares:		
Interim paid	43,300	78,500
Final - proposed	11,700	-
	<u>55,000</u>	<u>78,500</u>

**7. TANGIBLE FIXED ASSETS**

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
<b>COST:</b>				
At 1st January 2003	22,726	73,726	3,247	99,699
Additions	667	45,750	831	47,248
Disposals	-	(77,775)	-	(77,775)
	<u>23,393</u>	<u>41,701</u>	<u>4,078</u>	<u>69,172</u>
At 31st December 2003				
<b>DEPRECIATION:</b>				
At 1st January 2003	16,791	30,345	2,916	50,052
Charge for year	1,603	8,355	152	10,110
Eliminated on disposals	-	(28,866)	-	(28,866)
	<u>18,394</u>	<u>9,834</u>	<u>3,068</u>	<u>31,296</u>
At 31st December 2003				
<b>NET BOOK VALUE:</b>				
At 31st December 2003	<u>4,999</u>	<u>31,867</u>	<u>1,010</u>	<u>37,876</u>
At 31st December 2002	<u>5,935</u>	<u>43,381</u>	<u>331</u>	<u>49,647</u>

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements  
for the Year Ended 31st December 2003**

**7. TANGIBLE FIXED ASSETS - continued**

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

	<b>Motor vehicles</b>
	<u>£</u>
<b>COST:</b>	
At 1st January 2003	49,726
Additions	25,750
Disposals	(33,775)
	<hr/>
At 31st December 2003	41,701
	<hr/>
<b>DEPRECIATION:</b>	
At 1st January 2003	19,845
Charge for year	6,688
Eliminated on disposals	(16,699)
	<hr/>
At 31st December 2003	9,834
	<hr/>
<b>NET BOOK VALUE:</b>	
At 31st December 2003	31,867
	<hr/> <hr/>
At 31st December 2002	29,881
	<hr/> <hr/>

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

	2003	2002
	£	£
Trade debtors	5,702	12,447
Prepayments	8,435	4,991
Directors' current accounts	12,484	79
	<hr/>	<hr/>
	26,621	17,517
	<hr/> <hr/>	<hr/> <hr/>

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

	2003	2002
	£	£
Hire purchase	4,051	12,279
Other creditors	17,214	13,134
Dividends	12,800	-
Social security & other taxes	3,145	2,224
Corporation Tax	13,373	12,878
	<hr/>	<hr/>
	50,583	40,515
	<hr/> <hr/>	<hr/> <hr/>

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements  
for the Year Ended 31st December 2003**

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

	2003	2002
	£	£
Hire purchase	<u>685</u>	<u>5,464</u>

**11. PROVISIONS FOR LIABILITIES AND CHARGES**

	2003	2002
	£	£
Deferred taxation	500	-
Other provisions	<u>3,734</u>	<u>9,299</u>
	<u>4,234</u>	<u>9,299</u>

	Deferred tax	Indemnity Commission
	£	£
Balance at 1st January 2003	-	9,299
Decrease in provision	-	(5,565)
Accelerated capital allowances	<u>500</u>	-
Balance at 31st December 2003	<u>500</u>	<u>3,734</u>

The company has made a provision of £3,734 (2002: £9,299) in respect of indemnity commission which may be repaid, based on previous years experience. During the year to 31 December 2003 commission to the value of £7,067 (2002: £7,275) was repaid to providers, in respect of 15 policies.

**12. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003	2002
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

**13. CONTINGENT LIABILITIES**

There is a contingent liability in respect of potential claims which have been or may be brought against the company for alleged negligent advice relating to the arrangement of endowment mortgages. This is a matter which affects all Independent Financial Advisors.

The Directors are confident that the Company has properly followed the guidance of the regulatory bodies and that existing claims, or any that might arise in future, will be successfully refuted.

**FRASER - HANN FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements  
for the Year Ended 31st December 2003**

**14. OTHER FINANCIAL COMMITMENTS**

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2003 £	Land and buildings 2002 £
Operating leases which expire: after five years	5,971 <u>          </u>	7,146 <u>          </u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Profit for the financial year	55,034	46,001
Dividends	(55,000)	(78,500)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>34</b>	<b>(32,499)</b>
Opening shareholders' funds	<u>60,887</u>	<u>93,386</u>
<b>Closing shareholders' funds</b>	<b><u>60,921</u></b>	<b><u>60,887</u></b>
 Equity interests	 <u>60,921</u>	 <u>60,887</u>

**16. CONTROLLING PARTY**

The company is controlled by Mr K Hann and Mrs P Hann, by virtue of their shareholding.

**17. DIRECTORS TRANSACTIONS**

The directors current account was overdrawn during the year. The highest balance was £14,094, and the balance at the end of the year was £12,484. The loan has been fully paid off after the balance sheet date.