

BAVERSTOCKS

Chartered Accountants

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
FOR
FRASER-HANN FINANCIAL SERVICES LIMITED

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COMPANIES HOUSE

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FRASER-HANN FINANCIAL SERVICES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2000**

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FRASER-HANN FINANCIAL SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2000

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 2000

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

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

Interim dividends per share were paid as follows:

8	- 6 April 2000
<u>36</u>	- 30 June 2000
<u><u>44</u></u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2000 will be £44,000.

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 2000 in the issued share capital of the company were as follows:

	31.12.00	1.1.00
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 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.

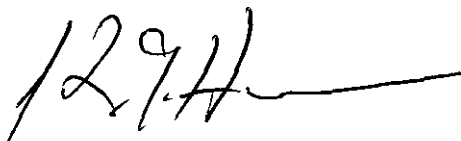
FRASER-HANN FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000

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:

A handwritten signature in black ink, appearing to read 'K. I. Hann', with a long horizontal line extending to the right.

K. I. Hann - DIRECTOR

Dated: 28-10-2001

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 five to fourteen 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 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

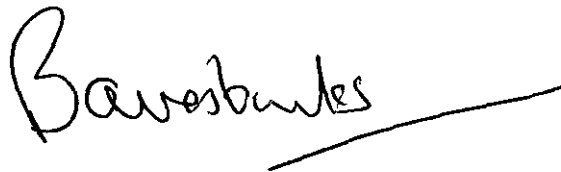
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31 December 2000 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". A horizontal line is drawn underneath the signature.

Dated: 28-10-2001

FRASER-HANN FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

		<u>2000</u>	<u>1999</u>
	Notes	£	£
TURNOVER		197,083	193,911
Administrative expenses		<u>132,445</u>	<u>138,156</u>
		64,638	55,755
Other operating income		<u>5,512</u>	<u>5,512</u>
OPERATING PROFIT	3	70,150	61,267
Interest receivable and similar income		<u>2,057</u>	<u>1,537</u>
		72,207	62,804
Interest payable and similar charges	4	<u>2,959</u>	<u>1,801</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		69,248	61,003
Tax on profit on ordinary activities	5	<u>15,283</u>	<u>12,488</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		53,965	48,515
Dividends	6	<u>44,000</u>	<u>28,000</u>
		9,965	20,515
Retained profit brought forward		<u>70,733</u>	<u>50,218</u>
RETAINED PROFIT CARRIED FORWARD		<u>£80,698</u>	<u>£70,733</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

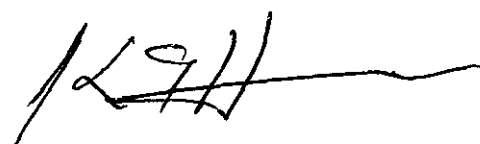
The company has no recognised gains or losses other than the profits for the current and previous years.

FRASER-HANN FINANCIAL SERVICES LIMITED

BALANCE SHEET
31 DECEMBER 2000

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		53,151		47,994
CURRENT ASSETS:					
Debtors	8	17,057		13,938	
Cash at bank		<u>60,244</u>		<u>55,364</u>	
		77,301		69,302	
CREDITORS: Amounts falling due within one year	9	<u>38,449</u>		<u>34,478</u>	
NET CURRENT ASSETS:			<u>38,852</u>		<u>34,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			92,003		82,818
CREDITORS: Amounts falling due after more than one year	10		<u>10,305</u>		<u>11,085</u>
			<u>£81,698</u>		<u>£71,733</u>
CAPITAL AND RESERVES:					
Called up share capital	13		1,000		1,000
Profit and loss account			<u>80,698</u>		<u>70,733</u>
SHAREHOLDERS' FUNDS:	16		<u>£81,698</u>		<u>£71,733</u>

ON BEHALF OF THE BOARD:



K I Hann - DIRECTOR

Approved by the Board on 28-10-2001

FRASER-HANN FINANCIAL SERVICES LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

		2000		1999	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		83,419		88,154
Returns on investments and servicing of finance	2		(902)		(264)
Taxation			(10,254)		(11,353)
Capital expenditure	2		4,449		(6,294)
Equity dividends paid			(44,000)		(28,000)
			32,712		42,243
Financing	2		(27,832)		(6,929)
Increase in cash in the period			<u>£4,880</u>		<u>£35,314</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		4,880		35,314	
Cash outflow from decrease in debt and lease financing		<u>28,829</u>		<u>9,247</u>	
Change in net funds resulting from cash flows			33,709		44,561
New finance leases			(28,000)		(22,866)
Movement in net funds in the period			5,709		21,695
Net funds at 1 January			<u>33,657</u>		<u>11,962</u>
Net funds at 31 December			<u>£39,366</u>		<u>£33,657</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 2000**

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

	2000 £	1999 £
Operating profit	70,150	61,267
Depreciation charges	17,262	15,023
Loss on sale of fixed assets	1,132	3,369
(Increase)/Decrease in debtors	(3,818)	3,227
(Decrease)/Increase in creditors	<u>(1,307)</u>	<u>5,268</u>
Net cash inflow from operating activities	<u>83,419</u>	<u>88,154</u>

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

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	2,057	1,537
Interest paid	(92)	(313)
Interest element of hire purchase payments	<u>(2,867)</u>	<u>(1,488)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(902)</u>	<u>(264)</u>
Capital expenditure		
Purchase of tangible fixed assets	(24,550)	(12,044)
Sale of tangible fixed assets	<u>28,999</u>	<u>5,750</u>
Net cash inflow/(outflow) for capital expenditure	<u>4,449</u>	<u>(6,294)</u>
Financing		
New Loan Taken Out in Year	2,205	5,263
Loan Repayments in Year	(30,736)	(14,040)
Amount Introduced by Directors	44,000	28,000
Amount Withdrawn by Directors	<u>(43,301)</u>	<u>(26,152)</u>
Net cash outflow from financing	<u>(27,832)</u>	<u>(6,929)</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 2000

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.00 £	Cash flow £	Other non-cash changes £	At 31.12.00 £
Net cash:				
Cash at bank	<u>55,364</u>	<u>4,880</u>		<u>60,244</u>
	<u>55,364</u>	<u>4,880</u>		<u>60,244</u>
Debt:				
Hire purchase	<u>(21,707)</u>	<u>28,829</u>	<u>(28,000)</u>	<u>(20,878)</u>
	<u>(21,707)</u>	<u>28,829</u>	<u>(28,000)</u>	<u>(20,878)</u>
Total	<u>33,657</u>	<u>33,709</u>	<u>(28,000)</u>	<u>39,366</u>
Analysed in Balance Sheet				
Cash at bank	55,364			60,244
Hire purchase within one year	(10,622)			(10,573)
after one year	<u>(11,085)</u>			<u>(10,305)</u>
	<u>33,657</u>			<u>39,366</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

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.

Fittings & Equipment	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance
Computer Equipment	- 33% on cost

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. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	62,108	61,226
Social security costs	<u>3,336</u>	<u>5,355</u>
	<u>65,444</u>	<u>66,581</u>

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

	2000	1999
Management and Administration	<u>4</u>	<u>4</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2000	1999
	£	£
Depreciation - owned assets	4,553	4,979
Depreciation - assets on hire purchase contracts	12,709	10,044
Loss on disposal of fixed assets	1,132	3,369
Auditors' remuneration	<u>940</u>	<u>800</u>
Directors' emoluments	<u>22,000</u>	<u>40,000</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Other Loan Interest	92	313
Hire Purchase Interest	2,618	1,438
Interest on Taxation	<u>249</u>	<u>50</u>
	<u>2,959</u>	<u>1,801</u>

5. TAXATION

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

	2000	1999
	£	£
UK corporation tax	15,329	12,300
Prior year adjustment	<u>(46)</u>	<u>188</u>
	<u>15,283</u>	<u>12,488</u>

UK corporation tax has been charged at 20% (1999 - 20.25%).

6. DIVIDENDS

	2000	1999
	£	£
Equity shares:		
Interim - Ordinary Shares	<u>44,000</u>	<u>28,000</u>

7. TANGIBLE FIXED ASSETS

	Fittings & Equipm- ent	Motor Vehicles	Computer Equipment	Totals
	£	£	£	£
COST:				
At 1 January 2000	20,163	59,566	1,939	81,668
Additions	406	50,836	1,308	52,550
Disposals	<u>-</u>	<u>(43,241)</u>	<u>-</u>	<u>(43,241)</u>
At 31 December 2000	<u>20,569</u>	<u>67,161</u>	<u>3,247</u>	<u>90,977</u>
DEPRECIATION:				
At 1 January 2000	12,782	20,252	640	33,674
Charge for year	1,186	15,005	1,071	17,262
Eliminated on disposals	<u>-</u>	<u>(13,110)</u>	<u>-</u>	<u>(13,110)</u>
At 31 December 2000	<u>13,968</u>	<u>22,147</u>	<u>1,711</u>	<u>37,826</u>
NET BOOK VALUE:				
At 31 December 2000	<u>6,601</u>	<u>45,014</u>	<u>1,536</u>	<u>53,151</u>
At 31 December 1999	<u>7,381</u>	<u>39,314</u>	<u>1,299</u>	<u>47,994</u>

FRASER-HANN FINANCIAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****7. TANGIBLE FIXED ASSETS - continued**

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

	<u>Motor Vehicles</u>
	£
COST:	
At 1 January 2000	43,241
Additions	50,836
Disposals	(30,976)
Transferred to ownership	<u>(12,265)</u>
At 31 December 2000	<u>50,836</u>
DEPRECIATION:	
At 1 January 2000	13,110
Charge for year	12,709
Eliminated on disposals	(7,744)
Transferred to ownership	<u>(5,366)</u>
At 31 December 2000	<u>12,709</u>
NET BOOK VALUE:	
At 31 December 2000	<u>38,127</u>
At 31 December 1999	<u>30,131</u>

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

	2000	1999
	£	£
Trade Debtors	6,546	5,529
Other Debtors	2,696	-
Prepayments and Accrued Income	2,415	2,310
Directors' current accounts	<u>5,400</u>	<u>6,099</u>
	<u>17,057</u>	<u>13,938</u>

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

	2000	1999
	£	£
Other Loans (see note 11)	1,764	1,466
Hire purchase contracts (see note 12)	10,573	10,622
Other Creditors	1,239	1,006
Social Security & Other Taxes	5,382	5,936
Corporation Tax	15,329	10,300
Accruals and Deferred Income	<u>4,162</u>	<u>5,148</u>
	<u>38,449</u>	<u>34,478</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

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

	2000	1999
	£	£
Hire purchase contracts (see note 12)	<u>10,305</u>	<u>11,085</u>

11. LOANS AND OVERDRAFTS

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

	2000	1999
	£	£
Amounts falling due within one year or on demand:		
Other Loans	<u>1,764</u>	<u>1,466</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2000	1999
	£	£
Gross obligations repayable:		
Within one year	12,207	12,027
Between one and five years	<u>11,998</u>	<u>12,860</u>
	<u>24,205</u>	<u>24,887</u>
Finance charges repayable:		
Within one year	1,634	1,405
Between one and five years	<u>1,693</u>	<u>1,775</u>
	<u>3,327</u>	<u>3,180</u>
Net obligations repayable:		
Within one year	10,573	10,622
Between one and five years	<u>10,305</u>	<u>11,085</u>
	<u>20,878</u>	<u>21,707</u>

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2000	1999
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

FRASER-HANN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

14. CONTINGENT LIABILITIES

Since the Balance Sheet date the Company has been subject to a routine compliance check from the National Insurance authorities. Their findings have not been concluded at the date of signing these financial statements and consequently no entries have been included within these statements to reflect any potential adjustments that may arise upon conclusion of the review.

In common with our companies in the insurance sector, the Company has been required to carry out an extensive compliance check on some of its past practices to comply with the recent "Pension Review" legislation. It is not possible to determine what amount of compensation, if any, will be payable at the conclusion of this review procedure.

At the date of signing this report no costs had been incurred in respect of this matter and no notification of the status of the cases involved had been made available to the Directors.

As a consequence of the above no reserves in connection with anticipated costs have been made within these financial statements.

15. TRANSACTIONS WITH DIRECTORS

Included within debtors at the balance sheet date is an amount of £5400 (1999: £6,099) due from the Directors. This amount was repaid before the 6 April 2001.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	53,965	48,515
Dividends	<u>(44,000)</u>	<u>(28,000)</u>
Net addition to shareholders' funds	9,965	20,515
Opening shareholders' funds	<u>71,733</u>	<u>51,218</u>
Closing shareholders' funds	<u>81,698</u>	<u>71,733</u>
Equity interests	<u>81,698</u>	<u>71,733</u>