

Registration number 3389156

**Mortgage Choices (IFA) Limited**  
**Director's report and financial statements**  
**for the year ended 31 July 2001**



## Mortgage Choices (IFA) Limited

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## **Mortgage Choices (IFA) Limited**

### **Company information**

Director	S W Reynolds
Secretary	K Reynolds
Company number	3389156
Registered office	23 Halford Street Leicester LE1 1JA
Auditors	Rowley's 20 Friar Lane Leicester LE1 5RA

**Mortgage Choices (IFA) Limited**

**Director's report  
for the year ended 31 July 2001**

The director presents his report and the financial statements for the year ended 31 July 2001.

**Principal activity and review of the business**

The principal activity of the company is that of Independent Financial and Mortgage advisers.

**Results and dividends**

The results for the year are set out on page 5.

The director does not recommend payment of a final dividend.

**Director and his interest**

The director who served during the year and his interest in the company are as stated below:

	Ordinary shares	
	31/07/01	01/08/00
S W Reynolds	100	100

**Director's responsibilities**

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

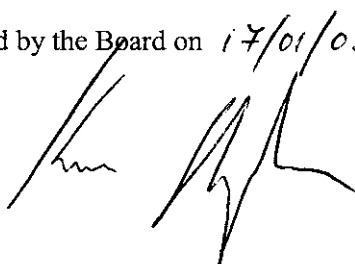
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Rowley's were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 17/01/03 and signed on its behalf by

**K Reynolds  
Secretary**



## **Mortgage Choices (IFA) Limited**

### **Independent auditors' report to the shareholders of Mortgage Choices (IFA) Limited**

We have audited the financial statements of Mortgage Choices (IFA) Limited for the year ended 31 July 2001 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of director and auditors**

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our 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 director 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. However the evidence available to us was limited in that we were unable to verify the full extent of past tax liabilities, currently shown as £12,961. Furthermore transactions and balances with Insurance Choices Limited can also not be verified. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Mortgage Choices (IFA) Limited**

**Independent auditors' report to the shareholders of Mortgage Choices (IFA) Limited continued**

**Qualified opinion arising from limitation in audit scope.**

Except for any adjustments that might have been found necessary had we been able to obtain sufficient evidence concerning taxation liabilities and the balance with Insurance Choices Limited, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to taxation liabilities and the balances with Insurance Choices Limited;

We have not obtained all the information and explanations that we considered necessary for the purpose of the audit.

*Rowley's*

**Rowley's  
Registered auditors  
20 Friar Lane  
Leicester  
LE1 5RA**

*17/1/03*

**Mortgage Choices (IFA) Limited**

**Profit and loss account  
for the year ended 31 July 2001**

		<b>Continuing operations</b>	
		<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>2</b>	129,882	80,370
Administrative expenses		(98,866)	(73,343)
<b>Operating profit</b>	<b>3</b>	<u>31,016</u>	<u>7,027</u>
Interest payable and similar charges	<b>4</b>	(4,542)	(3,200)
<b>Profit on ordinary activities before taxation</b>		<u>26,474</u>	<u>3,827</u>
Tax on profit on ordinary activities	<b>6</b>	(4,313)	(1,434)
<b>Retained profit for the year</b>		<u>22,161</u>	<u>2,393</u>
Retained profit brought forward		<u>26,747</u>	<u>24,354</u>
<b>Retained profit carried forward</b>		<u><u>48,908</u></u>	<u><u>26,747</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 13 form an integral part of these financial statements.

**Mortgage Choices (IFA) Limited**

**Balance sheet  
as at 31 July 2001**

	Notes	2001		2000	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		4,488		18,533
Debtors	8	110,457		74,717	
		<u>110,457</u>		<u>74,717</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(59,599)</u>		<u>(46,490)</u>	
<b>Net current assets</b>			<u>50,858</u>		<u>28,227</u>
<b>Total assets less current liabilities</b>			55,346		46,760
<b>Creditors: amounts falling due after more than one year</b>	10		<u>(6,338)</u>		<u>(19,913)</u>
<b>Net assets</b>			<u>49,008</u>		<u>26,847</u>
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Profit and loss account			48,908		26,747
<b>Equity shareholders' funds</b>	11		<u>49,008</u>		<u>26,847</u>

The financial statements were approved by the Board on 17/1/03 and signed on its behalf by

  
S.W Reynolds  
Director

The notes on pages 8 to 13 form an integral part of these financial statements.



**Mortgage Choices (IFA) Limited**

**Cash flow statement  
for the year ended 31 July 2001**

	Notes	2001 £	2000 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		31,016	7,027
Depreciation		5,396	6,106
(Increase) in debtors		(35,740)	(10,450)
Increase in creditors		13,519	7,260
<b>Net cash inflow from operating activities</b>		<u>14,191</u>	<u>9,943</u>
 <b>Cash flow statement</b>			
Net cash inflow from operating activities		14,191	9,943
Returns on investments and servicing of finance	14	(4,542)	(3,200)
Taxation	14	(2,275)	-
Capital expenditure	14	8,650	(1,299)
<b>Increase in cash in the year</b>		<u>16,024</u>	<u>5,444</u>
 <b>Reconciliation of net cash flow to movement in net funds (Note 15)</b>			
<b>Increase in cash in the year</b>		16,024	5,444
<b>Net debt at 1 August 2000</b>		<u>(30,344)</u>	<u>(35,788)</u>
<b>Net debt at 31 July 2001</b>		<u>(14,320)</u>	<u>(30,344)</u>

## Mortgage Choices (IFA) Limited

### Notes to the financial statements for the year ended 31 July 2001

#### 1. Accounting policies

##### 1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

##### 1.2. Turnover

Turnover represents the total fees value, excluding value added tax, of sales made during the year.

##### 1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33% on cost
Fixtures, fittings and equipment	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance

##### 1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

##### 1.5. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director consider that a liability to taxation is unlikely to materialise.

#### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

#### 3. Operating profit

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	1,458	6,106
Loss on disposal of tangible fixed assets	3,938	-
Auditors' remuneration	1,235	1,406
	<u>1,235</u>	<u>1,406</u>

**Mortgage Choices (IFA) Limited**

**Notes to the financial statements  
for the year ended 31 July 2001**

..... continued

<b>4. Interest payable and similar charges</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	1,859	1,973
Hire purchase interest	2,683	1,227
	<u>4,542</u>	<u>3,200</u>
<b>5. Employees</b>		
<b>Number of employees</b>		
The average monthly numbers of employees (including the director) during the year were:	<b>2001</b>	<b>2000</b>
	4	5
	<u>4</u>	<u>5</u>
<b>Employment costs</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Wages and salaries	25,830	34,584
Social security costs	2,086	2,940
	<u>27,916</u>	<u>37,524</u>
<b>6. Tax on profit on ordinary activities</b>		
<b>Analysis of charge in period</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
UK corporation tax	4,313	1,434
Total current tax charge	4,313	1,434
Tax on profit on ordinary activities	<u>4,313</u>	<u>1,434</u>

Mortgage Choices (IFA) Limited

Notes to the financial statements  
for the year ended 31 July 2001

..... continued

7. Tangible fixed assets	Fixtures, Computer fittings and equipment equipment Motor vehicles			Total
	£	£	£	
<b>Cost</b>				
At 1 August 2000	4,381	3,728	21,995	30,104
Additions	1,279	572	-	1,851
Disposals	-	-	(21,995)	(21,995)
At 31 July 2001	<u>5,660</u>	<u>4,300</u>	<u>-</u>	<u>9,960</u>
<b>Depreciation</b>				
At 1 August 2000	2,573	1,441	7,557	11,571
On disposals	-	-	(7,557)	(7,557)
Charge for the year	1,029	429	-	1,458
At 31 July 2001	<u>3,602</u>	<u>1,870</u>	<u>-</u>	<u>5,472</u>
<b>Net book values</b>				
At 31 July 2001	<u>2,058</u>	<u>2,430</u>	<u>-</u>	<u>4,488</u>
At 31 July 2000	<u>1,808</u>	<u>2,287</u>	<u>14,438</u>	<u>18,533</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2001		2000	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>-</u>	<u>-</u>	<u>14,438</u>	<u>4,812</u>
<b>8. Debtors</b>			<b>2001</b> £	<b>2000</b> £
Trade debtors			52,437	31,079
Other debtors			58,020	43,638
			<u>110,457</u>	<u>74,717</u>

**Mortgage Choices (IFA) Limited**

**Notes to the financial statements  
for the year ended 31 July 2001**

..... continued

<b>9. Creditors: amounts falling due within one year</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank overdraft	3,557	906
Bank loan	4,426	4,026
Net obligations under finance leases and hire purchase contracts	-	5,499
Amounts owed to connected companies	14,522	5,678
Corporation tax	17,274	15,236
Other taxes and social security costs	11,766	9,419
Accruals and deferred income	8,054	5,726
	<u>59,599</u>	<u>46,490</u>

The director provides a personal guarantee for the bank loan.

<b>10. Creditors: amounts falling due after more than one year</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank loan	6,338	11,033
Net obligations under finance leases and hire purchase contracts	-	8,880
	<u>6,338</u>	<u>19,913</u>

<b>11. Reconciliation of movements in shareholders' funds</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit for the year	22,161	2,393
Opening shareholders' funds	26,847	24,454
Closing shareholders' funds	<u>49,008</u>	<u>26,847</u>

**Mortgage Choices (IFA) Limited**

**Notes to the financial statements  
for the year ended 31 July 2001**

..... continued

**12. Transactions with director**

The following director had interest free loans during the year. The movements on these loans are as follows:

	<b>Amount owing</b>		<b>Maximum</b>
	<b>2001</b>	<b>2000</b>	<b>in year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
S W Reynolds	<u>51,828</u>	<u>31,446</u>	<u>51,828</u>

During the year the company incurred management charges amounting to £12,000. These were in respect of overheads shared with Investment Choices Limited. Mr S W Reynolds was a director of both companies during the year.

**13. Controlling interest**

Mr S W Reynolds controls the company.

**14. Gross cash flows**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	<u>(4,542)</u>	<u>(3,200)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(1,850)	(1,299)
Receipts from sales of tangible assets	<u>10,500</u>	<u>-</u>
	<u>8,650</u>	<u>(1,299)</u>

Mortgage Choices (IFA) Limited

Notes to the financial statements  
for the year ended 31 July 2001

..... continued

15. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Overdrafts	(906)	(2,651)		(3,557)
Debt due within one year	(4,026)	(400)	-	(4,426)
Debt due after one year	(11,033)	4,695	-	(6,338)
Finance leases and hire purchase contracts	(14,379)	-	14,379	-
	<u>(29,438)</u>	<u>4,295</u>	<u>14,379</u>	<u>(10,764)</u>
<b>Net funds</b>	<u><u>(30,344)</u></u>	<u><u>1,644</u></u>	<u><u>14,379</u></u>	<u><u>(14,321)</u></u>

16. Share capital

	2001 £	2000 £
<b>Authorised equity</b>		
1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid equity</b>		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>