

AMENDING

Registered number
02183530

Fraser-Hann Financial Services Limited

Report and Accounts

31 December 2002



Fraser-Hann Financial Services Limited
Directors' Report

The directors present their report and accounts for the year ended 31 December 2002.

Principal activities and review of the business

The company's principal activity during the year continued to be that of insurance and mortgage brokers.

Results and dividends

The profit for the year, after taxation, amounted to £46,178. The directors paid interim ordinary dividends of £78,500.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2002	2001
KI Hann	500	500
P Hann	500	500

Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

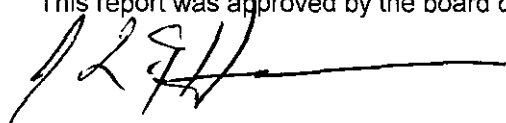
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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

A resolution to reappoint B T Hagger as auditor will be put to the members at the Annual General Meeting. Mr Hagger is willing to be reappointed.

This report was approved by the board on 30 October 2003.



K I Hann
Director

Fraser-Hann Financial Services Limited

Independent auditors' report to the shareholders of Fraser-Hann Financial Services Limited

I have audited the accounts of Fraser-Hann Financial Services Limited for the year ended 31/12/02 which comprise pages 3 to 11. These accounts 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

I report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, 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 Directors' Report and consider the implications for our 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed our 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 accounts 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 accounts.

Opinion

In my opinion the accounts give a true and fair view of the state of the company's affairs as at 31/12/02 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


B T Hagger

Chartered Accountant and Registered auditor

Shirebrook House
Buxhall
Stowmarket
Suffolk
IP14 3DQ

30 October 2003

Fraser-Hann Financial Services Limited
Profit and Loss Account
for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	194,621	212,622
Cost of sales		(5,517)	(10,263)
Gross profit		<u>189,104</u>	<u>202,359</u>
Administrative expenses		(136,917)	(135,341)
Other operating income		5,820	5,820
Operating profit	3	<u>58,007</u>	<u>72,838</u>
Exceptional items:			
profit/(loss) on the disposal of tangible fixed assets	4	1,913	(3,466)
		<u>59,920</u>	<u>69,372</u>
Interest receivable		1,345	1,906
Interest payable	7	(1,763)	(3,225)
Profit on ordinary activities before taxation		<u>59,502</u>	<u>68,053</u>
Tax on profit on ordinary activities	8	(13,501)	(14,365)
Profit for the financial year		<u>46,001</u>	<u>53,688</u>
Dividends:			
ordinary dividend on equity shares	9	(78,500)	(42,000)
Retained (loss)/profit for the financial year	17	<u>(32,499)</u>	<u>11,688</u>

Continuing operations

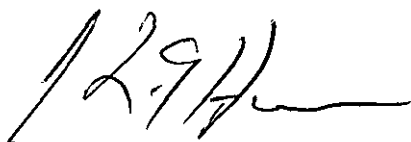
None of the company's activities were acquired or discontinued during the above two financial years.

Statement of 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
as at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	10	49,647	57,641
Current assets			
Debtors	11	17,517	14,713
Cash at bank and in hand		49,001	71,392
		<u>66,518</u>	<u>86,105</u>
Creditors: amounts falling due within one year	12	(40,515)	(37,472)
Net current assets		<u>26,003</u>	<u>48,633</u>
Total assets less current liabilities		<u>75,650</u>	<u>106,274</u>
Creditors: amounts falling due after more than one year	13	(5,464)	(12,888)
Provisions for liabilities and charges			
Other provisions	15	(9,299)	-
		<u>60,887</u>	<u>93,386</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	59,887	92,386
Shareholders' funds:			
Equity		<u>60,887</u>	<u>93,386</u>
	18	<u>60,887</u>	<u>93,386</u>



K I Hann
 Director

Approved by the board on 30 October 2003

Fraser-Hann Financial Services Limited
Cash Flow Statement
for the year ended 31 December 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		58,007	72,838
Depreciation charges		17,743	19,192
(Increase)/decrease in debtors		(2,804)	2,344
Increase/(decrease) in creditors		11,734	(1,606)
Net cash inflow from operating activities		<u>84,680</u>	<u>92,768</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		84,680	92,768
Returns on investments and servicing of finance	19	(418)	(1,319)
Taxation		(14,988)	(15,329)
Capital expenditure	19	1,379	6,628
		<u>70,653</u>	<u>82,748</u>
Equity dividends paid		(78,500)	(42,000)
		<u>(7,847)</u>	<u>40,748</u>
Financing	19	(14,544)	(29,600)
(Decrease)/increase in cash		<u>(22,391)</u>	<u>11,148</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(22,391)	11,148
Decrease in debt and lease financing		14,544	30,625
New finance leases		(9,215)	(33,775)
Change in net debt	20	<u>(17,062)</u>	<u>7,998</u>
Net funds at 1 January		<u>48,320</u>	<u>40,322</u>
Net funds at 31 December		<u>31,258</u>	<u>48,320</u>

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	15% on reducing balance
Motor vehicles	25% on reducing balance
Computer equipment	25% on reducing balance

Deferred taxation

Full provision is made for deferred taxation resulting from material timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund. Contributions made by the company to the scheme during the year amounted to £3,171 (2001 £3,171).

2 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 mortgage brokers.

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

3 Operating profit	2002	2001
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	5,565	6,000
Depreciation of assets held under finance leases and hire purchase contracts	10,336	11,006
Auditors' remuneration	<u>1,469</u>	<u>1,058</u>
4 Exceptional items	2002	2001
	£	£
Profit/(loss) on disposal of plant and machinery	<u>1,913</u>	<u>(3,466)</u>
5 Directors' emoluments	2002	2001
	£	£
Emoluments	<u>16,000</u>	<u>16,000</u>
6 Staff costs	2002	2001
	£	£
Wages and salaries	40,335	47,722
Social security costs	4,429	2,185
Other pension costs	3,171	-
	<u>47,935</u>	<u>49,907</u>
Average number of employees during the year	Number	Number
Management and administration	<u>4</u>	<u>4</u>
7 Interest payable	2002	2001
	£	£
Other loans	-	117
Finance charges payable under finance leases and hire purchase contracts	1,763	3,108
	<u>1,763</u>	<u>3,225</u>
8 Taxation	2002	2001
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	13,501	14,365

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

9 Equity dividends	2002	2001
	£	£
Equity dividends on ordinary shares - interim paid	<u>78,500</u>	<u>42,000</u>

10 Tangible fixed assets

	Fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2002	21,241	3,247	71,440	95,928
Additions	1,485	-	15,951	17,436
Disposals	-	-	(13,665)	(13,665)
At 31 December 2002	<u>22,726</u>	<u>3,247</u>	<u>73,726</u>	<u>99,699</u>
Depreciation				
At 1 January 2002	15,059	2,806	20,422	38,287
Charge for the year	1,732	110	15,901	17,743
On disposals	-	-	(5,978)	(5,978)
At 31 December 2002	<u>16,791</u>	<u>2,916</u>	<u>30,345</u>	<u>50,052</u>
Net book value				
At 31 December 2002	<u>5,935</u>	<u>331</u>	<u>43,381</u>	<u>49,647</u>
At 31 December 2001	<u>6,182</u>	<u>441</u>	<u>51,018</u>	<u>57,641</u>

	2002	2001
	£	£
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>29,881</u>	<u>33,018</u>

11 Debtors	2002	2001
	£	£
Trade debtors	12,447	4,911
Director's loan account	79	3,489
Other debtors	-	3,158
Prepayments and accrued income	4,991	3,155
	<u>17,517</u>	<u>14,713</u>

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

12 Creditors: amounts falling due within one year	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	12,279	10,184
Trade creditors	-	526
Corporation tax	12,878	14,365
Other taxes and social security costs	2,224	7,409
Other creditors	13,134	4,988
	<u>40,515</u>	<u>37,472</u>

13 Creditors: amounts falling due after one year	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	<u>5,464</u>	<u>12,888</u>

14 Obligations under finance leases and hire purchase contracts	2002	2001
	£	£
Amounts payable:		
Within one year	12,279	10,184
Within two to five years	5,464	12,888
	<u>17,743</u>	<u>23,072</u>

15 Provisions for liabilities and charges

	Warranties
	£
At 1 January 2002	-
Additional provisions made during the period	9,299
	<u>9,299</u>
At 31 December 2002	<u>9,299</u>

The company has made a provision of £9,299 (2001 nil) in respect of indemnity commission which may be repaid, based on previous years experience. During the year to 31/12/2002 commission to the value was £7,275 was repaid to providers, in respect of 39 policies.

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

16 Share capital			2002	2001
			£	£
Authorised:				
Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
	2002	2001	2002	2001
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,000	1,000	<u>1,000</u>	<u>1,000</u>
17 Profit and loss account			2002	2001
			£	£
At 1 January			92,386	80,698
Retained (loss)/profit			(32,499)	11,688
			<u>59,887</u>	<u>92,386</u>
At 31 December				
18 Reconciliation of movement in shareholders' funds			2002	2001
			£	£
At 1 January			93,386	81,698
Profit for the financial year			46,001	53,688
Dividends			(78,500)	(42,000)
			<u>60,887</u>	<u>93,386</u>
At 31 December				
19 Gross cash flows			2002	2001
			£	£
Returns on investments and servicing of finance				
Interest received			1,345	1,906
Interest paid			-	(117)
Interest element of finance lease rental payments			(1,763)	(3,108)
			<u>(418)</u>	<u>(1,319)</u>
Capital expenditure				
Payments to acquire tangible fixed assets			(8,221)	(24,671)
Receipts from sales of tangible fixed assets			9,600	31,299
			<u>1,379</u>	<u>6,628</u>
Financing				
New loans raised			-	3,150
Loan repayments			-	1,025
Capital element of finance lease rental payments			(14,544)	(33,775)
			<u>(14,544)</u>	<u>(29,600)</u>

Fraser-Hann Financial Services Limited
Notes to the Accounts
for the year ended 31 December 2002

20 Analysis of changes in net debt

	At 1 Jan 2002 £	Cash flows £	Non-cash changes £	At 31 Dec 2002 £
Cash at bank and in hand	71,392	(22,391)		49,001
Finance leases	(23,072)	14,544	(9,215)	(17,743)
Total	<u>48,320</u>	<u>(7,847)</u>	<u>(9,215)</u>	<u>31,258</u>

21 Major non-cash transactions

	2002 £
Capital value of new finance lease arrangements	<u>9,215</u>

22 Other financial commitments

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

	Land and buildings 2002 £	Land and buildings 2001 £	Other 2002 £	Other 2001 £
Operating leases which expire: within two to five years	<u>-</u>	<u>-</u>	<u>7,146</u>	<u>-</u>

23 Contingent liabilities

There is a contingent liability in respect of potential claims which might 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 any claims that might arise could be successfully refuted.

24 Transactions with directors

The company operates a current account with its directors. At the beginning of the year the account was £3,489 overdrawn. The highest balance during the year was £15,384 overdrawn. At the year end the account was overdrawn by £77.

25 Controlling party

The company is controlled by Mr K Hann and Mrs P Hann who are the directors and who each own 50% of the share capital.