

**ANDREWS AND PARTNERS LIMITED**

**(Registered Number 235326)**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2002**



## **ANDREWS AND PARTNERS LIMITED**

### **DIRECTORS' REPORT** **FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors have pleasure in presenting their report and the audited financial statements of Andrews and Partners Limited and subsidiaries ("The Group") for the year ended 31 December 2002.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group is in residential estate agency. The group maintained ancillary services in letting and management of residential properties and financial services.

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

2002 was again a successful year for the group with a second consecutive year of record turnover and profitability. There are plans to build on the existing network by opening several new branches in the coming year and continuing the investment in new technology.

Andrews Financial Services Limited, a subsidiary of Andrews and Partners Limited, in common with many other pensions advisors, has been required by the Personal Investment Authority ("PIA") to review its past pensions business. Further information regarding this can be found in note 15 to the financial statements.

Insurance companies have recently adopted more prudent assumptions on future investment returns on endowment policies. This has resulted in some policies sold by Andrews Financial Services Limited being forecast to have a shortfall on maturity. As a consequence of this a number of endowment claims have been received by the company. Further information regarding this can be found in note 15 to the financial statements.

#### **RESULTS AND DIVIDENDS**

The trading results for the year and the financial position of the company and group are shown in the annexed financial statements. A dividend of £5 (2001: £5) was paid during the year. The directors do not recommend a further dividend. The profit of £1,361,601 (2001: £991,459) has been transferred to reserves.

#### **LAND AND BUILDINGS**

There are no significant differences between the market value and book amount of land and buildings.

#### **DIRECTORS**

the directors of the company, who served throughout the year, were: -

R D Young (Chairman)

A Radford

M Robson

N K Wright

## **ANDREWS AND PARTNERS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

### **DIRECTORS' INTERESTS**

The interests of the directors in the share capital of the company at 31 December 2002 and 2001 are shown below: -

	Share Options	
	2002	2001
R D Young	-	-
A Radford	-	-
M Robson	9,261	9,261
N K Wright	6,174	6,174

The Share Options may be exercised between five and ten years from the date of grant at an exercise price of £24.31. During the year no options were granted, exercised or lapsed.

Certain of the directors of Andrews and Partners Limited also serve as trustees for the shareholding charities. The interests of directors as trustees of the shareholding charities at 31 December 2002 and 2001 were as follows: -

	<u>Ordinary shares of 50p each</u>	
	<u>2002</u>	<u>2001</u>
	<u>Number</u>	<u>Number</u>
R D Young	212,760	212,760
A Radford	212,760	212,760
M Robson	247,260	247,260
N K Wright	293,260	293,260

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires 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 group and of the profit or loss of the group 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;
- \* 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 group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## ANDREWS AND PARTNERS LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

#### CHARITABLE DONATIONS

The group has this year given charitable donations of £439,510 (2001: £405,770).

#### EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues.

Training, career development and promotion of a disabled person is, as far as possible, identical to that of other employees who are not disabled.

#### EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved by a regular information sheet circulated to all staff, regular training courses, meetings and conferences.

#### AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 6 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



N K Wright  
Secretary

27<sup>th</sup> March 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDREWS AND PARTNERS LIMITED**

We have audited the financial statements which comprise the consolidated profit and loss account, the statement of group total recognised gains and losses, the note of group historical cost profits and losses, the balance sheets, the consolidated cash flow statement, the accounting policies and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to which this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' 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 directors' remuneration and transactions is not disclosed.

We read the other information in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of audit 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 at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors, Bristol

27<sup>th</sup> March 2003

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>2002</u>		<u>2001</u> <u>(restated)</u>
	£	£	£
<u>TURNOVER</u> (Note 2)		20,425,821	16,743,305
Administrative expenses		(18,314,345)	(15,101,027)
Other operating income		<u>48,407</u>	<u>46,371</u>
<u>OPERATING PROFIT</u>		2,159,883	1,688,649
Interest receivable (Note 4)	201,324		194,968
Interest payable (Note 4)	<u>(21,648)</u>		<u>(21,758)</u>
		<u>179,676</u>	<u>173,210</u>
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u> (Note 4)		2,339,559	1,861,859
Taxation charge on profit on ordinary activities (Note 7)		<u>(538,443)</u>	<u>(464,625)</u>
<u>PROFIT FOR THE FINANCIAL</u> <u>YEAR BEFORE CHARITABLE</u> <u>DONATIONS</u>		1,801,116	1,397,234
Charitable donations (Note 3)		(439,510)	(405,770)
Dividends paid (including non equity interests) (Note 8)		(5)	(5)
<u>RETAINED PROFIT FOR THE</u> <u>FINANCIAL YEAR</u> (Note 18)		<u>1,361,601</u>	<u>991,459</u>

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)****NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES**

	<u>2002</u> £	<u>2001</u> (restated) £
Reported profit on ordinary activities before taxation	2,339,559	1,861,859
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	<u>8,157</u>	<u>8,157</u>
Historical cost profit on ordinary activities before taxation	<u>2,347,716</u>	<u>1,870,016</u>
Historical cost profit for the year retained after taxation and dividends.	<u>1,369,758</u>	<u>999,616</u>

**STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES**

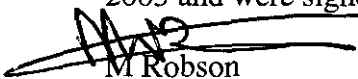
	<u>2002</u> £	<u>2001</u> (restated) £
Profit for the financial year	1,361,601	991,459
Unrealised surplus on revaluation of properties	<u>558,021</u>	<u>-</u>
Total recognised gains for the year	<u>1,919,622</u>	<u>991,459</u>
Prior year adjustment (as explained in note 24)	<u>147,268</u>	
Total gains and losses recognised since the last annual report	<u>2,066,890</u>	

All results relate to continuing activities.

**ANDREWS AND PARTNERS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002**

	<u>2002</u>		<u>2001</u> (restated)	
	£	£	£	£
<b><u>FIXED ASSETS</u></b>				
Intangible assets (Note 10)		147,519		-
Tangible assets (Note 9)		4,836,852		3,714,023
Investment in own shares (Note 11)		<u>7,717</u>		<u>7,717</u>
		4,992,088		3,721,740
<b><u>CURRENT ASSETS</u></b>				
Debtors (Note 12)	1,284,140		1,352,727	
Cash at bank and in hand	<u>3,955,739</u>		<u>2,912,167</u>	
	5,239,879		4,264,894	
<b><u>CREDITORS</u></b> (amounts falling due within one year) (Note 13)	(2,654,691)		(2,184,005)	
<b><u>CLIENTS' MONIES</u></b>				
Cash at bank	1,796,441		1,490,051	
Due to clients	<u>(1,796,441)</u>		<u>(1,490,051)</u>	
<b><u>NET CURRENT ASSETS</u></b>		<u>2,585,188</u>		<u>2,080,889</u>
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>		7,577,276		5,802,629
<b><u>CREDITORS</u></b> (amounts falling due after more than one year) (Note 14)		(95,516)		(310,981)
<b><u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b> (Note 15)		<u>(707,092)</u>		<u>(636,602)</u>
<b><u>NET ASSETS</u></b>		<u>6,774,668</u>		<u>4,855,046</u>
<b><u>CAPITAL AND RESERVES</u></b>				
Called up share capital (Note 17)		161,232		161,232
Revaluation reserve (Note 18)		935,198		377,177
Profit and loss account (Note 18)		<u>5,678,238</u>		<u>4,316,637</u>
<b><u>TOTAL SHAREHOLDERS' FUNDS</u></b> (Note 19)		<u>6,774,668</u>		<u>4,855,046</u>
(including non-equity interests)				

The financial statements on pages 5 to 22 were approved by the Board of Directors on 27<sup>th</sup> March 2003 and were signed on their behalf by:

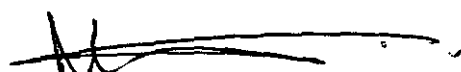
  
M Robson  
Director



**ANDREWS AND PARTNERS LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2002**

	<u>2002</u>	<u>2001</u>
	£	£
<u>FIXED ASSETS</u>		
Investments (Note 11)	200,200	200,200
<u>CURRENT ASSETS</u>		
Debtors (Note 12)	273,881	141,905
Cash at bank and in hand	<u>14,555</u>	<u>3,437</u>
	288,436	145,342
<u>CREDITORS</u> (amounts falling due within one year) (Note 13)	<u>(1,134)</u>	<u>(1,459)</u>
<u>NET CURRENT ASSETS</u>	<u>287,302</u>	<u>143,883</u>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES AND NET</u> <u>ASSETS</u>	<u>487,502</u>	<u>344,083</u>
<u>CAPITAL AND RESERVES</u>		
Called up share capital (Note 17)	161,232	161,232
Profit and loss account (Note 18)	<u>326,270</u>	<u>182,851</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u> (Note 19) (including non-equity interests)	<u>487,502</u>	<u>344,083</u>

The financial statements on pages 5 to 22 were approved by the Board of Directors on 27<sup>th</sup> March 2003 and were signed on their behalf by:

  
M Robson  
Director

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER****2002**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>		
(Note 1 below)	3,481,927	2,704,453
<u>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</u>		
Interest received	153,514	193,528
Interest paid	(21,648)	(21,755)
Charitable donations	(439,510)	(405,770)
Dividends paid on non-equity shares	<u>(5)</u>	<u>(5)</u>
<u>NET CASH OUTFLOW FOR INVESTMENT AND SERVICING OF FINANCE</u>	(307,649)	(234,002)
<u>TAXATION</u> - UK Corporation tax paid	(530,442)	(304,477)
<u>CAPITAL EXPENDITURE</u>		
Payments to acquire tangible fixed assets	(1,548,545)	(1,449,373)
Payments to acquire intangible fixed assets	(167,000)	-
Receipts from sale of tangible fixed assets	<u>115,753</u>	<u>111,904</u>
<u>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE</u>	(1,599,792)	(1,337,469)
<u>MANAGEMENT OF LIQUID RESOURCES</u>		
Increase in short term deposits with bank	(3,018,641)	=
<u>DECREASE IN CASH IN THE YEAR</u>	(1,974,597)	<u>828,505</u>
<u>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 2 below)</u>	£	
Decrease in cash in the year	(1,974,597)	
Movement in deposits	3,018,641	
Net funds at 1 January 2002	<u>2,626,422</u>	
Net funds at 31 December 2002	<u>3,670,466</u>	

**NOTES TO THE CASH FLOW STATEMENT****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>(restated)</u>
Operating profit	2,159,883	1,688,649
Depreciation charges	1,027,567	836,151
Amortisation of goodwill	19,481	-
Profit on sale of tangible fixed assets	(87,583)	(67,673)
Revaluation of freeholds previously charged to profit	(72,000)	-
(Decrease)/Increase in debtors	122,486	(182,638)
Increase in creditors	241,603	519,021
Increase/(Decrease) in provision for liabilities & charges	<u>70,490</u>	<u>(89,057)</u>
	<u>3,481,927</u>	<u>2,704,453</u>

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002 (cont)**2. **ANALYSIS OF NET FUNDS**

	<u>At</u> <u>1 January</u> <u>2002</u> <u>£</u>	<u>Cash</u> <u>Flow</u> <u>£</u>	<u>At</u> <u>31 December</u> <u>2002</u> <u>£</u>
Cash in hand and at bank	2,912,167	(1,975,069)	937,098
Bank overdraft	(1,649)	472	(1,177)
	2,910,518	(1,974,597)	935,921
Short term cash deposits	-	3,018,641	3,018,641
Debt due after 1 year	(284,096)	-	(284,096)
	<u>2,626,422</u>	<u>1,044,044</u>	<u>3,670,466</u>

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002**

#### **1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below:

##### **(i) Basis of consolidation**

The consolidated financial statements incorporate audited financial statements of the company and its subsidiaries. Subsidiaries are listed in note 11 to the financial statements. As permitted by section 230(3) of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £1,674 (2001: £126,161).

##### **(ii) Turnover**

###### **(a) Estate Agency:**

Commission receivable in respect of the sale of property on behalf of clients is recognised in the financial statements on completion of each sale.

###### **(b) Other Activities:**

Turnover represents commission and fees from property letting and management, and commissions from financial services. Initial commission on financial services is recognised as income when the policy goes on risk. A provision is made for future clawbacks of initial commission anticipated to arise in the indemnity period. Renewal commission is recognised on a received basis. Fees and commissions receivable from clients of the property letting and management business are credited to profit and loss account on completion of the letting of the property or as rents fall due.

##### **(iii) Fixed assets**

The company has continued to adopt a policy of revaluation for its properties and separates these assets into components where they have significantly different economic useful lives.

Fixed assets are stated at cost or valuation less depreciation calculated on the following basis:

###### **(a) Freehold Premises:**

Freehold buildings are depreciated on a straight-line basis over 50 years.

Freehold land is not depreciated.

###### **(b) Long Leasehold Premises:**

Premises with leases in excess of 50 years to run are depreciated on a straight-line basis over 50 years.

###### **(c) Short Leasehold Premises:**

Premises with leases with less than 50 years to run are depreciated over the unexpired period of the lease.

###### **(d) Furniture and Equipment:**

Furniture and equipment is depreciated on a straight-line basis at varying rates from 10% to 33% per annum.

###### **(e) Motor Vehicles:**

Owned motor vehicles are depreciated on a straight-line basis over 4 years.

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)**

#### **1. ACCOUNTING POLICIES (continued)**

(iv) Revaluation reserve

Differences arising on the revaluation of tangible fixed assets in the financial statements are taken to the revaluation reserve to the extent that the individual property has been revalued upwards previously.

(v) Intangible fixed assets- goodwill

Purchased goodwill on the acquisition of existing businesses has been accounted for at cost. Goodwill is written off over a period of five years. The directors consider that five years is the useful economic life of the amount paid.

(vi) Deferred taxation

Financial Reporting Standard 19 'Deferred Tax' has been adopted during the current period which has resulted in a prior year adjustment (note 24). Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

(vii) Operating leases

Payments under operating leases are expensed when incurred. Premiums paid under operating leases to secure a leasehold property are capitalised within fixed assets and amortised over the life of the lease.

(viii) Pension Scheme

The group operates a pension scheme providing pensions at retirement whose awards are calculated on receipt of each contribution made by and on behalf of members. The assets of the scheme are held separately from those of the group in an independently administered fund. It is treated as a defined contribution scheme. The pension cost charge represents contributions payable by the company to the fund and is disclosed in note 5(a).

(ix) Charitable donations

Charitable donations are recognised when payable.

#### **2. TURNOVER**

Turnover represents amounts receivable for services provided outside the group and comprises:

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Estate agency	15,353,570	12,520,712
Other activities	1,339,467	1,134,702
Letting and management	<u>3,732,784</u>	<u>3,087,891</u>
	<u>20,425,821</u>	<u>16,743,305</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****3. CHARITABLE DONATIONS**

Charitable donations of £430,400 (2001: £400,000) were paid under Gift Aid by the group to its shareholder charities. Other charitable donations paid under Gift Aid this year amounted to £9,110 (2001 £5,770).

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Estate Agency	1,377,694	785,022
Financial services	548,863	750,010
Letting and management	<u>413,002</u>	<u>326,827</u>
	<u>2,339,559</u>	<u>1,861,859</u>
and is stated after charging/(crediting):		
Interest payable on:		
- corporation tax	-	419
- bank loans and overdrafts	344	32
- other loans	<u>21,304</u>	<u>21,307</u>
	<u>21,648</u>	<u>21,758</u>
Interest receivable- bank interest	<u>(201,324)</u>	<u>(194,968)</u>
Surplus on revaluation of fixed assets	(72,000)	-
Profit on sale of fixed assets	(87,583)	(67,673)
Depreciation - owned assets	1,027,567	836,151
Amortisation of goodwill	19,481	-
Auditors' remuneration - Audit fees	17,995	17,995
- Non audit fees	15,000	15,000
Operating lease charges - Land and Buildings	<u>636,936</u>	<u>636,936</u>

**5. STAFF COSTS**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
(a) Staff costs (including directors' remuneration comprise):		
Salaries	9,286,788	7,519,655
Social Security costs	959,855	751,724
Pension contributions	645,942	570,859
Provision for contributions to employee share trust (Note 15)	<u>169,500</u>	<u>91,000</u>
	<u>11,062,085</u>	<u>8,933,238</u>
	<u>2002</u>	<u>2001</u>
	<u>Number</u>	<u>Number</u>
(b) The average number of persons employed by the group was:-		
Estate agency	328	303
Other activities	<u>114</u>	<u>83</u>
	<u>442</u>	<u>386</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****6. DIRECTORS' EMOLUMENTS**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Aggregate emoluments	379,574	316,865
Company contributions paid to money purchase scheme	<u>50,625</u>	<u>45,625</u>
Number of directors to whom retirement benefits are accruing under the money purchase pension scheme.	2	2

**Highest paid director**

Aggregate emoluments	219,613	187,325
Company contributions paid to money purchase schemes	<u>34,125</u>	<u>30,625</u>

**7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
UK corporation tax charge based on the profit for the year adjusted for tax purposes		
- current year at 30% and 20%	575,194	502,014
- prior year overprovision	<u>(30,662)</u>	<u>(26,823)</u>
Total current tax charge	544,532	475,191
Deferred tax - current year (Note 16)		
Origination and reversal of timing differences	<u>(6,089)</u>	<u>(10,566)</u>
Tax on profit on ordinary activities	<u>538,443</u>	<u>464,625</u>

The tax for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities at the UK tax rate (30%)	<u>701,867</u>	<u>558,558</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	31,437	32,041
Gift aid donation	(131,853)	(121,640)
Accelerated capital allowances / other timing differences	10,343	39,055
Tax at marginal rates	(15,000)	(6,000)
Capital transactions	(21,600)	-
Adjustments in respect of previous periods	<u>(30,662)</u>	<u>(26,823)</u>
Total current tax charge	<u>544,532</u>	<u>475,191</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****8. DIVIDENDS**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Paid:		
4.9% cumulative preference shares	<u>5</u>	<u>5</u>

**9. TANGIBLE FIXED ASSETS**

THE GROUP	<u>Freehold</u> <u>premises</u> <u>£</u>	<u>Long</u> <u>leasehold</u> <u>£</u>	<u>Short</u> <u>leasehold</u> <u>£</u>	<u>Furniture</u> <u>and</u> <u>equipment</u> <u>£</u>	<u>Motor</u> <u>vehicles</u> <u>£</u>	<u>Total</u> <u>£</u>
<u>At cost/valuation</u>						
1 January 2002	1,436,479	58,000	699,549	4,784,825	1,750,881	8,729,734
Additions	90,000	-	15,000	1,114,883	328,662	1,548,545
Revaluation adjustments:						
-credited to profit and loss	72,000	-	-	-	-	72,000
-credited to revaluation reserve	497,521	47,000	13,500	-	-	558,021
Disposals	-	-	-	-	(444,109)	(444,109)
31 December 2002	<u>2,096,000</u>	<u>105,000</u>	<u>728,049</u>	<u>5,899,708</u>	<u>1,635,434</u>	<u>10,464,191</u>
<u>Analysis</u>						
At cost	-	-	617,549	5,899,708	1,635,434	8,152,691
At valuation	2,096,000	105,000	110,500	-	-	2,311,500
	<u>2,096,000</u>	<u>105,000</u>	<u>728,049</u>	<u>5,899,708</u>	<u>1,635,434</u>	<u>10,464,191</u>
<u>Accumulated depreciation</u>						
1 January 2002	52,215	3,480	480,540	3,584,785	894,691	5,015,711
Charge for year	20,353	1,160	32,234	552,663	421,157	1,027,567
Disposals	-	-	-	-	(415,939)	(415,939)
31 December 2002	<u>72,568</u>	<u>4,640</u>	<u>512,774</u>	<u>4,137,448</u>	<u>899,909</u>	<u>5,627,339</u>
<u>Net book amounts</u>						
31 December 2002	2,023,432	100,360	215,275	1,762,260	735,525	4,836,852
31 December 2001	<u>1,384,264</u>	<u>54,520</u>	<u>219,009</u>	<u>1,200,040</u>	<u>856,190</u>	<u>3,714,023</u>

The group's freehold, long and short leasehold properties were revalued at 31 December 2002, on the basis of open market value by Lipfriend Dawson, who are independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom.

At 31 December 2002 the historical cost of the revalued freehold premises was £1,276,923; long leasehold premises £40,140 and short leasehold premises £59,239. At 31 December 2002 the historical net book value of the revalued freehold premises was £1,244,055 (2001: £788,826); long leasehold premises £36,930 (2001: £37,732) and short leasehold premises £51,724 (2001: £53,603).

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

The group's debenture loan is secured on the freehold premises.



**ANDREWS AND PARTNERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)**

10. INTANGIBLE FIXED ASSETS

THE GROUP	<u>Goodwill</u>
	<u>£</u>
<u>At cost</u>	
1 January 2002	-
Additions	<u>167,000</u>
31 December 2002	<u>167,000</u>
<u>Aggregate amortisation</u>	
1 January 2002	-
Charge for year	<u>19,481</u>
31 December 2002	<u>19,481</u>
<u>Net book amount</u>	
31 December 2002	<u>147,519</u>
31 December 2001	<u>-</u>

11. INVESTMENTS

THE GROUP	<u>Investment in own shares</u>
	<u>£</u>
At 1 January 2002	
and 31 December 2002	<u>7,717</u>

The above investment represents the value of Andrews and Partners Limited shares acquired by the Andrews and Partners Limited Employee Share Trust from directors who had exercised share options in 2001. These shares were acquired by the Trust using funds provided by Andrews Estate Agents Limited. The costs of funding and administering the scheme are charged to the profit and loss account of the group in the period to which they relate. There is no open market value for the shares at 31 December 2002 as it is a private company.

THE COMPANY

	<u>Shares in subsidiaries</u>
	<u>£</u>
At 1 January 2002 and	
31 December 2002	<u>200,200</u>

The subsidiaries, all of which have been consolidated and are wholly owned are:-

	<u>Proportion of nominal value of shares held</u>		<u>Nature of Business</u>
	<u>By the Company</u>	<u>By the Group</u>	
	<u>%</u>	<u>%</u>	
Andrews Estate Agents Limited	100	100	Estate Agents
Andrews Letting and Management Limited	100	100	Letting Agents
Andrews Pension Trust Limited	100	100	Pension Trustee
Andrews Financial Services Limited	0	100	Financial Services
Andrews ESOP Limited	100	100	ESOP Trustee

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002(continued)****12. DEBTORS**

THE GROUP	<u>2002</u>	<u>2001</u> (restated)
	£	£
Trade debtors	626,342	812,585
Other debtors	116,435	74,264
Prepayments and accrued income	388,006	318,610
Deferred tax asset (note 16)	<u>153,357</u>	<u>147,268</u>
	<u>1,284,140</u>	<u>1,352,727</u>

**THE COMPANY**

Amounts due from subsidiary undertakings	<u>273,881</u>	<u>141,905</u>
--	----------------	----------------

**13. CREDITORS: amounts falling due within one year**

THE GROUP	<u>2002</u>	<u>2001</u>
	£	£
Bank overdraft	1,177	1,649
Debenture loan	284,096	-
Trade creditors	281,230	333,095
Outstanding pension contributions	36,947	75,297
Taxation and social security	908,004	898,625
Corporation tax	309,997	295,814
Accruals	<u>833,240</u>	<u>579,525</u>
	<u>2,654,691</u>	<u>2,184,005</u>

The debenture loan interest is fixed at 7.5% until the scheduled repayment date of 28 February 2003.

The loan is secured on freehold premises owned by Andrews Estate Agents Limited.

The group overdraft facility is secured on freehold premises owned by Andrews Estate Agents Limited.

THE COMPANY	<u>2002</u>	<u>2001</u>
	£	£
Amounts due to subsidiary undertakings	100	100
Corporation tax	-	-
Accruals	<u>1,034</u>	<u>1,359</u>
	<u>1,134</u>	<u>1,459</u>

**14. CREDITORS: amounts falling due after more than one year**

THE GROUP	<u>2002</u>	<u>2001</u>
	£	£
Staff bonuses - amounts due between two and five years	88,315	26,885
Taxation and social security - amounts due between two and five years	7,201	-
Debenture loan - amounts due between one and two years	-	284,096
	<u>95,516</u>	<u>310,981</u>

The Company itself had no creditors falling due after more than one year.

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****15. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Pensions Review (Note (i))</u>	<u>Clawback Provision (Note (ii))</u>	<u>Lease Obligations (Note (iii))</u>	<u>Contributions to employee share trust (Note (iv))</u>	<u>Endowment Claims (Note (v))</u>	<u>Total</u>
	£	£	£	£	£	£
THE GROUP						
At 1 January 2002	95,596	72,616	-	91,000	377,390	636,602
Utilised in the year	(55,731)	(20,643)	-	-	(35,271)	(111,645)
Profit and loss account	(37,365)	-	50,000	169,500	-	182,135
At 31 December 2002	2,500	51,973	50,000	260,500	342,119	707,092

**(i) Personal Investment Authority pensions review.**

In common with many other pensions advisors, the company has been required by the Personal Investment Authority ("PIA") to review the sale of pensions in the period from 29 April 1988 to 30 June 1994.

The final phase of the review has been satisfactorily completed by 31 December 2002 and the balance of the provision no longer required has been credited to profit and loss account.

**(ii) Clawbacks**

Provision is made for future clawbacks of initial commission anticipated to arise in the indemnity period.

**(iii) Lease obligations**

Provision is made for future obligations on vacant leasehold properties.

**(iv) Employee Share Trust**

In 1996 the group established an employee share trust. Share options were granted to certain of the directors during 1999 as disclosed on page 2 of the directors' report. The provision represents contributions payable to the Trust to purchase the shares following exercise of the options.

**(v) Endowment claims**

Provision has been made for compensation payable in respect of claims arising from incorrect advice given on endowment policies sold in the period from 29 April 1988 to 28 February 1993. Full provision has been made for claims received to date together with an estimated provision for future claims that may arise from past business written. Due to the long term nature of endowment contracts and the uncertainty of future investment returns there remains some uncertainty as to the final outcome.

At present, the PIA has said that there are no plans to formally review the sale of endowments in the same way that pensions are being reviewed.

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****16. DEFERRED TAXATION**

	<u>2002</u>	<u>2001</u>
	<u>Asset created</u>	<u>Asset created</u>
		<u>(restated)</u>
	<u>£</u>	<u>£</u>
THE GROUP		
Depreciation in excess of capital allowances	61,835	64,554
Other timing differences	<u>91,522</u>	<u>82,714</u>
	<u>153,357</u>	<u>147,268</u>

**17. CALLED UP SHARE CAPITAL****THE GROUP AND THE COMPANY**

	<u>4.9% cumulative</u>		<u>Ordinary shares</u>		
	<u>preference shares</u>		<u>of 50p each</u>		<u>Total</u>
	<u>of £1 each</u>		<u>of 50p each</u>		<u>£</u>
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>	<u>£</u>
AUTHORISED:					
At 1 January 2002 and					
31 December 2002	<u>14,960</u>	<u>14,960</u>	<u>370,080</u>	<u>185,040</u>	<u>200,000</u>
ALLOTTED, ISSUED AND					
FULLY PAID:					
1 January 2002 and					
31 December 2002	<u>100</u>	<u>100</u>	<u>322,264</u>	<u>161,132</u>	<u>161,232</u>

Holders of the cumulative preference shares are entitled to a fixed cumulative preferential dividend at the rate of 4.9% per annum on the paid up capital. In the case of a winding up or other return on capital the holders of the preference shares are entitled to receive repayment in full of the paid up capital together with any arrears of the cumulative preferential dividend. The preference shares carry no voting rights unless the dividends are in arrears.

**18. RESERVES**

	<u>GROUP</u>	<u>COMPANY</u>	<u>GROUP</u>
	<u>Profit &amp;</u>	<u>Profit &amp;</u>	<u>Revaluation</u>
	<u>Loss Account</u>	<u>Loss Account</u>	<u>Reserve</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 2002 as			
previously stated	4,169,369	182,851	377,177
Prior year adjustment (note 24)	<u>147,268</u>	-	-
At 1 January 2002 as restated	4,316,637	182,851	377,177
Surplus on revaluation	-	-	558,021
Retained profit for the year	<u>1,361,601</u>	<u>143,419</u>	-
At 31 December 2002	<u>5,678,238</u>	<u>326,270</u>	<u>935,198</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)****19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<u>THE GROUP</u>	<u>2002</u>	<u>2001</u> (restated)
	£	£
Profit for the financial year	1,801,116	1,397,234
Charitable donations	(439,510)	(405,770)
Dividends paid	<u>(5)</u>	<u>(5)</u>
	1,361,601	991,459
Recognised gain on revaluation	<u>558,021</u>	<u>-</u>
Net addition to shareholders' funds	<u>1,919,622</u>	<u>991,459</u>
Opening shareholders' funds as previously reported	4,707,778	3,726,885
Prior year adjustment (note 24)	<u>147,268</u>	<u>136,702</u>
Opening shareholders' funds as restated	4,855,046	3,863,587
Closing shareholders' funds	<u>6,774,668</u>	<u>4,855,046</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>6,774,568</u>	<u>4,854,946</u>
	<u>6,774,668</u>	<u>4,855,046</u>
 <u>THE COMPANY</u>	 <u>2002</u>	 <u>2001</u>
	£	£
Profit for the financial year	582,934	531,936
Charitable donations	(439,510)	(405,770)
Dividends paid	<u>(5)</u>	<u>(5)</u>
Net addition to shareholders' funds	143,419	126,161
Opening shareholders' funds	<u>344,083</u>	<u>217,922</u>
Closing shareholders' funds	<u>487,502</u>	<u>344,083</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>487,402</u>	<u>343,983</u>
	<u>487,502</u>	<u>344,083</u>

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)**

#### **20. OPERATING LEASE COMMITMENTS**

Operating lease commitments of the group payable within one year but not provided in the financial statements:

	<u>2002</u>
	<u>Land and</u>
	<u>Buildings</u>
	<u>£</u>
Expiring within one year	67,750
Expiring between one and five years	219,165
Expiring after five years	<u>396,150</u>
	<u>683,065</u>

The company itself had no operating lease commitments at 31 December 2002.

#### **21. ULTIMATE CONTROLLING PARTY**

The company's ultimate controlling party is the charity World in Need, which holds 66% of the allotted share capital of Andrews and Partners Limited.

During the year the company made a gift aid donation of £312,255 to World in Need.

There were no amounts due to or from World in Need at the balance sheet date.

#### **22. RELATED PARTY DISCLOSURES**

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions and balances with entities that are part of the Andrews and Partners Limited group that have been eliminated on consolidation.

During the year the company made gift aid donations of £67,511 to Christian Book Promotion Trust and £50,634 to The Christian Initiative Trust. Christian Book Promotion Trust and The Christian Initiative Trust are shareholders of Andrews and Partners Ltd.

There were no amounts due to or from Christian Book Promotion Trust or The Christian Initiative Trust at the balance sheet date.

During the year the group made interest free car loans to two directors, C. Chapman & R. Pearce-Thomas. The value of the loans made during the period to each of the two directors was £5,000. At 31 December 2002 the amount of principal outstanding under these loans were £3,611 and £4,687 respectively. No provision has been made against the failure of directors to repay these loans.

#### **23. ANDREWS AND PARTNERS EMPLOYEE SHARE TRUST**

The Employee Share Trust was established on 23 September 1996 to hold and distribute fully paid ordinary shares in the company issued under employees' share schemes (within the meaning of section 743 of the Companies Act 1985). The Employee Share Trust holds 15,435 shares in Andrews and Partners Limited.

**ANDREWS AND PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (continued)**

**24. PRIOR YEAR ADJUSTMENT**

The prior year adjustment relates to the implementation of Financial Reporting Standard 19 'Deferred Tax' by the group.

The prior year adjustment has resulted in a deferred tax asset decreasing the tax charge by £6,089 (2001: £10,566) and increasing the profit by £6,089 (2001: £10,566). Net assets at 1 January 2001 have been increased by £136,702.