

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1997
FOR
D.T.E. FINANCIAL SERVICES LIMITED



D.T.E. FINANCIAL SERVICES LIMITED

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FOR THE YEAR ENDED 30 APRIL 1997

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D.T.E. FINANCIAL SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 1997

DIRECTORS: K R Train
M J MacDonald
D A Roberts
I S A MacLavery

SECRETARY: M J MacDonald

REGISTERED OFFICE: DTE House
Hollins Mount
Bury
Lancashire
BL9 8AT

REGISTERED NUMBER: 01967512 (England and Wales)

AUDITORS: John A Edgar and Co
Chartered Accountants and
Registered Auditors
569 Market Street
Whitworth
Rochdale
Lancashire OL12 8QS

BANKERS: National Westminster Bank plc
PO Box No 305
Spring Gardens
Manchester
M60 2DB

D.T.E. FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 APRIL 1997

The directors present their report with the financial statements of the company for the year ended 30 April 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of financial services, particularly the supply of life assurance and pension products.

REVIEW OF BUSINESS

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

The directors consider the results for the year and the final balance sheet position to be satisfactory and expect the present level of activity to continue for the foreseeable future.

DIVIDENDS

A dividend of £120.00 per share was paid on 30 April 1997. The directors recommend that no further dividend be paid.

The total distribution of dividends for the year ended 30 April 1997 will be £120,000.

DIRECTORS

The directors during the year under review were:

K R Train	
G Epstein	- resigned 31.12.96
M J MacDonald	
D A Roberts	
I S A MacLavery	

The beneficial interests of the directors holding office on 30 April 1997 in the issued share capital of the company were as follows:

	30.4.97	1.5.96
Ordinary £1 shares		
K R Train)	-	-
M J MacDonald) held jointly	1,000	900
D A Roberts)	-	-
I S A MacLavery	-	-

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.

D.T.E. FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 1997

AUDITORS

The auditors, John A Edgar and Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



M.I. MacDonald SECRETARY

Dated: 25 February 1998

D.T.E. FINANCIAL SERVICES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
D.T.E. FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages five to sixteen 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.

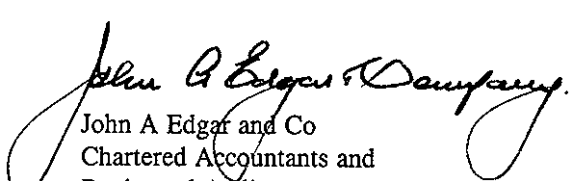
Basis of opinion

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 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John A Edgar and Co
Chartered Accountants and
Registered Auditors
569 Market Street
Whitworth
Rochdale
Lancashire

OL12 8QS

Dated: 26 February 1998

D.T.E. FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1997

		<u>30.4.97</u>	<u>30.4.96</u>
	Notes	£	£
TURNOVER	2	536,989	336,134
Cost of sales		<u>42,608</u>	<u>21,325</u>
GROSS PROFIT		494,381	314,809
Administrative expenses		<u>347,199</u>	<u>299,854</u>
		147,182	14,955
Other operating income		<u>22,500</u>	<u>6,500</u>
OPERATING PROFIT	4	169,682	21,455
Interest Payable and similar charges	5	<u>3,181</u>	<u>5,902</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		166,501	15,553
Tax on profit on ordinary activities	6	<u>47,643</u>	<u>4,041</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		118,858	11,512
Dividends	7	<u>120,000</u>	<u>12,500</u>
		(1,142)	(988)
Retained profit brought forward		<u>11,425</u>	<u>12,413</u>
RETAINED PROFIT CARRIED FORWARD		<u>£10,283</u>	<u>£11,425</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.

D.T.E. FINANCIAL SERVICES LIMITED

BALANCE SHEET

30 APRIL 1997

		<u>30.4.97</u>		<u>30.4.96</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		49,031		47,741
CURRENT ASSETS:					
Stocks	9	250		560	
Debtors	10	96,979		66,734	
Investments	11	165		165	
Cash at bank and in hand		<u>30,028</u>		<u>-</u>	
		127,422		67,459	
CREDITORS: Amounts falling due within one year	12	<u>156,210</u>		<u>94,519</u>	
NET CURRENT LIABILITIES:			<u>(28,788)</u>		<u>(27,060)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			20,243		20,681
CREDITORS: Amounts falling due after more than one year	13		<u>8,960</u>		<u>8,256</u>
			<u>£11,283</u>		<u>£12,425</u>
CAPITAL AND RESERVES:					
Called up share capital	16		1,000		1,000
Profit and loss account			<u>10,283</u>		<u>11,425</u>
Shareholders' funds	21		<u>£11,283</u>		<u>£12,425</u>

ON BEHALF OF THE BOARD:



K R Train - DIRECTOR

Approved by the Board on 25 February 1998

D.T.E. FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1997

		<u>30.4.97</u>		<u>30.4.96</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		200,981		67,772
Returns on investments and servicing of finance	2		(3,181)		(5,902)
Taxation			(2,629)		(1,102)
Capital expenditure	2		1,873		(340)
Equity dividends paid			(120,000)		(12,500)
			77,044		47,928
Financing	2		(12,421)		(17,987)
Increase in cash in the period			<u>£64,623</u>		<u>£29,941</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		64,623		29,941	
Cash outflow from decrease in debt and lease financing		<u>12,421</u>		<u>17,987</u>	
Change in net debt resulting from cash flows			77,044		47,928
New finance leases			(14,355)		(17,191)
Movement in net debt in the period			62,689		30,737
Net debt at 1 May 1996			<u>(52,094)</u>		<u>(82,831)</u>
Net funds/(debt) at 30 April 1997			<u>£10,595</u>		<u>£(52,094)</u>

The notes form part of these financial statements

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1997

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

	30.4.97 £	30.4.96 £
Operating profit	169,682	21,455
Depreciation charges	11,911	8,701
Loss on sale of fixed assets	-	3,225
Profit on sale of fixed assets	(719)	-
Decrease in stocks	310	85
(Increase)/Decrease in debtors	(31,657)	5,168
Increase in creditors	<u>51,454</u>	<u>29,138</u>
Net cash inflow from operating activities	<u>200,981</u>	<u>67,772</u>

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

	30.4.97 £	30.4.96 £
Returns on investments and servicing of finance		
Interest paid	(1,555)	(3,930)
Interest element of hire purchase payments	<u>(1,626)</u>	<u>(1,972)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(3,181)</u>	<u>(5,902)</u>
Capital expenditure		
Purchase of tangible fixed assets	(3,627)	(5,740)
Sale of tangible fixed assets	<u>5,500</u>	<u>5,400</u>
Net cash inflow/(outflow) for capital expenditure	<u>1,873</u>	<u>(340)</u>
Financing		
Loan repayments in year	<u>(12,421)</u>	<u>(17,987)</u>
Net cash outflow from financing	<u>(12,421)</u>	<u>(17,987)</u>

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1997

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.96 £	Cash flow £	Other non-cash changes £	At 30.4.97 £
Net cash:				
Cash at bank and in hand	-	30,028		30,028
Bank overdraft	(34,595)	34,595		-
	(34,595)	64,623		30,028
Liquid resources:				
Current asset investments	165	-		165
	165	-		165
Debt:				
Hire purchase	(17,664)	12,421	(14,355)	(19,598)
	(17,664)	12,421	(14,355)	(19,598)
Total	(52,094)	77,044	(14,355)	10,595
Analysed in Balance Sheet				
Cash at bank and in hand	-			30,028
Current asset investments	165			165
Bank overdraft	(34,595)			-
Hire purchase within one year	(9,408)			(10,638)
after one year	(8,256)			(8,960)
	(52,094)			10,595

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents commissions and other income received during the year.

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.

Office equipment and computers	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

Pensions

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	30.4.97	30.4.96
	£	£
Wages and salaries	239,081	170,983
Social security costs	18,925	27,516
Other pension costs	<u>2,596</u>	<u>2,513</u>
	<u>260,602</u>	<u>201,012</u>

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

3. STAFF COSTS - continued

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

	30.4.97	30.4.96
Management and administration	6	6
Sales and general administration	<u>6</u>	<u>6</u>
	<u>12</u>	<u>12</u>

4. OPERATING PROFIT

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

	30.4.97	30.4.96
	£	£
Depreciation - owned assets	3,505	3,013
Depreciation - assets on hire purchase contracts	8,406	5,688
(Profit)/Loss on disposal of fixed assets	(719)	3,225
Auditors' remuneration	<u>588</u>	<u>588</u>
	<u>156,209</u>	<u>65,967</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.4.97	30.4.96
	£	£
Bank interest	1,464	3,922
Interest on late payment of tax	91	8
Hire purchase	<u>1,626</u>	<u>1,972</u>
	<u>3,181</u>	<u>5,902</u>

6. TAXATION

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

	30.4.97	30.4.96
	£	£
UK Corporation Tax	<u>47,643</u>	<u>4,041</u>

UK Corporation Tax has been charged at 28.35% (1996 - 25% and 24%).

7. DIVIDENDS

	30.4.97	30.4.96
	£	£
Equity shares:		
Dividend - ordinary paid 30 April 1997	<u>120,000</u>	<u>12,500</u>

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

8. TANGIBLE FIXED ASSETS

	<u>Office equipment and computers</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 May 1996	54,879	39,726	94,605
Additions	2,172	15,810	17,982
Disposals	<u>-</u>	<u>(8,500)</u>	<u>(8,500)</u>
At 30 April 1997	<u>57,051</u>	<u>47,036</u>	<u>104,087</u>
DEPRECIATION:			
At 1 May 1996	33,686	13,178	46,864
Charge for year	3,505	8,406	11,911
Eliminated on disposals	<u>-</u>	<u>(3,719)</u>	<u>(3,719)</u>
At 30 April 1997	<u>37,191</u>	<u>17,865</u>	<u>55,056</u>
NET BOOK VALUE:			
At 30 April 1997	<u>19,860</u>	<u>29,171</u>	<u>49,031</u>
At 30 April 1996	<u>21,193</u>	<u>26,548</u>	<u>47,741</u>

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

	<u>Motor vehicles</u>
	£
COST:	
At 1 May 1996	39,726
Additions	15,810
Disposals	<u>(8,500)</u>
At 30 April 1997	<u>47,036</u>
DEPRECIATION:	
At 1 May 1996	13,178
Charge for year	8,406
Eliminated on disposals	<u>(3,719)</u>
At 30 April 1997	<u>17,865</u>
NET BOOK VALUE:	
At 30 April 1997	<u>29,171</u>
At 30 April 1996	<u>26,548</u>

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

9. STOCKS

	30.4.97	30.4.96
	£	£
Stock of stationery and office sundries	<u>250</u>	<u>560</u>
	<u>250</u>	<u>560</u>

10. DEBTORS

	30.4.97	30.4.96
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	4,894	6,887
Amount due from former director	-	7,399
Amount due from Downham Train Epstein	23,045	-
Amount due from DTE Insurance Brokers Limited	19,190	1,186
Notional corporation tax	<u>-</u>	<u>1,412</u>
	<u>47,129</u>	<u>16,884</u>

Amounts falling due after more than one year:

Loan to DTE Insurance Brokers Limited	<u>49,850</u>	<u>49,850</u>
	<u>49,850</u>	<u>49,850</u>
Aggregate amounts	<u>96,979</u>	<u>66,734</u>

The above loan to DTE Insurance Brokers Limited is unsecured, interest free and subject to at least thirty six months notice in respect of repayment.

The amount due from the former director was repaid on 28 June 1996.

11. CURRENT ASSET INVESTMENTS

	30.4.97	30.4.96
	£	£
Investments	<u>165</u>	<u>165</u>

The company owns 100% of the share capital of Downham Rose Nominees Limited, a non-trading company which was incorporated in England on 11 May 1988.

The subsidiary company has not yet commenced to trade and unless an appropriate level of profitable trading takes place in the future the investment will have a nil value.

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

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

	30.4.97 £	30.4.96 £
Bank loans and overdrafts (see note 14)	-	34,595
Hire purchase contracts (see note 15)	10,638	9,408
Trade creditors	682	616
Social security and PAYE	56,895	17,607
Amount due to Downham Train Epstein	-	15,406
Corporation tax	17,643	916
Advance corporation tax	30,000	3,125
Accruals and deferred income	<u>40,352</u>	<u>12,846</u>
	<u>156,210</u>	<u>94,519</u>

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

	30.4.97 £	30.4.96 £
Hire purchase contracts (see note 15)	<u>8,960</u>	<u>8,256</u>

14. LOANS AND OVERDRAFTS

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

	30.4.97 £	30.4.96 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>34,595</u>

The bank overdraft with National Westminster Bank plc was secured by a general debenture over the company's assets and guaranteed by DTE Insurance Brokers Limited for an amount not to exceed £90,000 together with personal guarantees of £30,000 each from Messrs. Train, Epstein and MacDonald.

On 1 July 1996 National Westminster Bank plc formally released the guarantee from DTE Insurance Brokers Limited. On 25 February 1997 Mr Epstein was also formally released from his guarantee.

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	Hire purchase contracts	
	30.4.97 £	30.4.96 £
Gross obligations repayable:		
Within one year	11,949	10,392
Between one and five years	<u>9,377</u>	<u>8,740</u>
	<u>21,326</u>	<u>19,132</u>
Finance charges repayable:		
Within one year	1,311	984
Between one and five years	<u>417</u>	<u>484</u>
	<u>1,728</u>	<u>1,468</u>
Net obligations repayable:		
Within one year	10,638	9,408
Between one and five years	<u>8,960</u>	<u>8,256</u>
	<u>19,598</u>	<u>17,664</u>

The hire purchase obligations are secured upon the assets to which they relate.

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.4.97	30.4.96
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.4.97	30.4.96
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

17. CONTINGENT LIABILITIES

a) The company entered into a guarantee, with National Westminster Bank plc, in respect of the bank borrowings of DTE Insurance Brokers Limited, for an amount not to exceed £90,000. During the year this guarantee was formally released and as such no liability is anticipated

b) The company receives commissions in advance of the period over which such commissions are earned. If policies are cancelled for whatever reason over a period typically of up to four years then the company may suffer a clawback of commissions previously received and credited to the profit and loss account. The directors do not consider any provision for such a clawback to be appropriate as historically the amounts involved have been small and it is extremely difficult to quantify an appropriate amount.

c) There is a deferred liability to Corporation Tax at the balance sheet date not provided within the accounts of £2,678 (1996 £2,150) calculated at the rate of 31% (1996 24%) on the excess of the net book value on those assets on which capital allowances are granted over their corresponding taxation written down values.

d) There is a contingent liability of about £12,500 in respect of employer's National Insurance on bonuses paid to directors in April 1995 in the form of offshore trust interests. The company is currently disputing this liability with the Contributions Agency and if unsuccessful there will be a further charge for social security costs to the Profit and Loss Account.

D.T.E. FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997

18. CONTINGENT ASSETS

The Company has made full provision for £48,720 of tax potentially due on directors' bonuses paid in April 1995 in the form of offshore trust interests. The company is currently disputing this liability with the Inland Revenue and if successful the amount due will be released to the Profit and Loss Account.

19. PENSION COMMITMENTS

During the year the company paid directors' pension fund contributions of £NIL and non director fund contributions of £2,596 which will continue at similar levels in the future.

20. TRANSACTIONS WITH DIRECTORS

During the year the company undertook transactions under normal trading terms with the following company and business in which Messrs. Train, Epstein, MacDonald and Roberts have a material interest:-

Downham Train Epstein
DTE Insurance Brokers Limited

The quantum of such transactions undertaken is not considered to be material in the context of the financial statements as a whole.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.4.97	30.4.96
	£	£
Profit for the financial year	118,858	11,512
Dividends	<u>(120,000)</u>	<u>(12,500)</u>
NET REDUCTION OF SHAREHOLDERS' FUNDS	(1,142)	(988)
Opening shareholders' funds	<u>12,425</u>	<u>13,413</u>
CLOSING SHAREHOLDERS' FUNDS	<u><u>12,327</u></u>	<u><u>12,425</u></u>
 Equity interests	 <u><u>11,283</u></u>	 <u><u>12,425</u></u>