

FIRST NATIONAL INDEPENDENT ADVISERS LIMITED
(formerly THE MORTGAGE CORPORATION DIRECT LIMITED)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORT

The company's registered number is : 2171236



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FIRST NATIONAL INDEPENDENT ADVISERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company throughout the year continued to be providing investment advice and effecting investment transactions.

The company was sold on 6th August 1996 to First National Building Society, registered in the Republic of Ireland.

The directors intend to increase the level of activity within the company.

On 12th September 1997 the company changed its name from The Mortgage Corporation Direct Limited to First National Independent Advisers Limited.

RESULTS AND DIVIDENDS

The company made a profit on ordinary activities after tax of £19,102 for the year ended 31 December 1996 (1995 - £16,039). On 30th April 1996 the company paid an ordinary dividend of £272.983p per share.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as shown below:

B. M. Evans (resigned 27 October 1997)
F. C. Eve (appointed 8 November 1996)
C. E. Heard (appointed 22 November 1996, resigned 18 October 1997)
N. Kheraj (resigned 6 August 1996)
P Middleton (appointed 10 January 1996, resigned 6 August 1996)
P. D. Mullen (resigned 6 August 1996)
D. A. Wynne (appointed 16 July 1996)

The company is a wholly owned subsidiary of First National Building Society, of which none of the above is a director.

None of the directors had at any time during the year any interests in the shares or contracts of the company which are required to be disclosed under the terms of the Companies Act 1985.

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;

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.



BY ORDER OF THE BOARD

Sir William Atkins House
2 Ashley Avenue
Epsom
Surrey
KT18 5AS



Director

Date: 28 October 1997

AUDITORS' REPORT TO THE MEMBERS OF FIRST NATIONAL INDEPENDENT ADVISERS LIMITED

We have audited the financial statements on pages 4 to 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

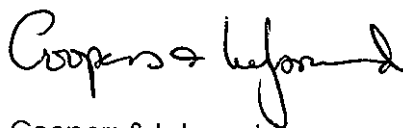
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Croydon

Date: 29 October 1997

FIRST NATIONAL INDEPENDENT ADVISERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

Continuing Operations	Notes	1996 £	1995 £
TURNOVER	1b	122,284	117,911
Administrative expenses		<u>(96,652)</u>	<u>(97,659)</u>
OPERATING PROFIT		25,632	20,252
Interest receivable and similar income		<u>2,877</u>	<u>3,688</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	28,509	23,940
Tax on profit on ordinary activities	3	<u>(9,407)</u>	<u>(7,901)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		19,102	16,039
Dividends paid on equity shares	4	<u>(272,983)</u>	<u>-</u>
Retained (Loss) / Profit for the year	8	(253,881)	16,039
RETAINED PROFIT BROUGHT FORWARD		<u>321,983</u>	<u>305,944</u>
RETAINED PROFIT CARRIED FORWARD		<u>68,102</u>	<u>321,983</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

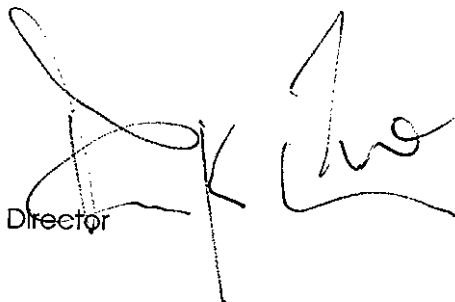
There were no other recognised gains or losses in the current year (1995 - £nil).

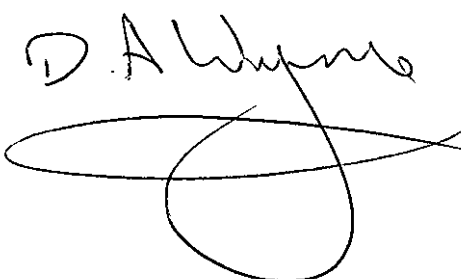
FIRST NATIONAL INDEPENDENT ADVISERS LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors	5	36,427	283,851
Cash at bank and in hand		<u>53,508</u>	<u>50,558</u>
		89,935	334,409
CREDITORS	6	<u>(20,833)</u>	<u>(11,426)</u>
NET ASSETS		<u>69,102</u>	<u>322,983</u>
CAPITAL AND RESERVES			
Called-up share capital	7	1,000	1,000
Profit and loss account		<u>68,102</u>	<u>321,983</u>
EQUITY SHAREHOLDERS' FUNDS	8	<u>69,102</u>	<u>322,983</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 28 October 1997 and were signed on its behalf by:

Director 

Director 

FIRST NATIONAL INDEPENDENT ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the current year and the preceding year, are set out below.

a) Basis of accounting

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

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not prepared a cash flow statement because its parent undertakings, First National Building Society and formerly Salomon Brothers Europe Limited, have prepared consolidated financial statements which include the cash flows of the company for the year.

Under the provisions of Financial Reporting Standard No.8 the company had taken advantage of the exemption provided (for subsidiary undertakings whose voting rights are controlled within the group) from disclosing group related party transactions. The consolidated financial statements of First National Building Society and Salomon Brothers Europe Limited, in which these results are included, are publicly available.

b) Turnover

Turnover comprises insurance commission receivable.

Contributions to turnover and profit on ordinary activities before tax were derived from insurance business offered in England, Wales and Scotland.

c) Taxation

Corporation tax is provided on taxable profits at the current rate.

The tax charges and benefits arising from group relief are recognised in the financial statements of the surrendering and recipient group undertakings.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after incurring a management charge of £87,000 (1995 - £88,000) from The Mortgage Corporation in respect of the following expenses incurred on behalf of the company:

	1996	1995
	£	£
Staff costs	69,480	65,000
Occupancy and general office costs	14,520	20,000
Auditors' remuneration	<u>3,000</u>	<u>3,000</u>

No remuneration was paid to the directors who served during the year (1995 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	1996 £	1995 £
UK Corporation tax at 33% (1995 - 33%)	<u>(9,407)</u>	<u>(7,901)</u>

4 DIVIDENDS PAID

	1996 £	1995 £
Ordinary interim dividends paid of £272.983 per share	<u>272,983</u>	<u>-</u>
	<u>272,983</u>	<u>-</u>

5 DEBTORS

The following amounts are included in the net book value of debtors falling due within one year:

	1996 £	1995 £
Amounts owed by other group undertakings	-	283,851
Other debtors	34,163	-
Prepayments and accrued income	<u>2,264</u>	<u>-</u>
	<u>36,427</u>	<u>283,851</u>

6 CREDITORS

The following amounts are included in creditors falling due within one year:

	1996 £	1995 £
Accruals and deferred income	3,525	3,525
Group relief	7,901	7,901
Corporation tax	<u>9,407</u>	<u>-</u>
	<u>20,833</u>	<u>11,426</u>

7 CALLED-UP SHARE CAPITAL

	1996 £	1995 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up, and fully-paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the year	19,102	16,039
Dividends paid on equity shares	<u>(272,983)</u>	<u>-</u>
Opening shareholders' funds	<u>(253,881)</u> 322,983	16,039 <u>306,944</u>
Closing shareholders' funds	<u>69,102</u>	<u>322,983</u>

9 ULTIMATE PARENT COMPANY

The company is a wholly-owned subsidiary of First National Building Society, incorporated in the Republic of Ireland.

The largest and smallest group in which the results of the company are consolidated is that headed by First National Building Society. Copies of the consolidated financial statements of First National Building Society are available to the public and may be obtained from its office at Skehan House, Booterstown, Co. Dublin, Republic of Ireland.

Prior to 6 August 1996 the company was a wholly owned subsidiary of Salomon Brothers Europe Limited, registered in England and Wales, which is a 100% subsidiary of Salomon Inc, incorporated in the State of Delaware, USA.