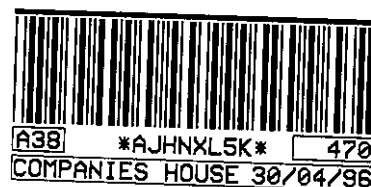


Registered Number 2367078

**HALIFAX INDEPENDENT FINANCIAL  
ADVISERS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**YEAR ENDED 31ST JANUARY 1996**



**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**CONTENTS**

	Page
Directors and Company Information	2
Directors' Report	3-5
Statement of Directors' Responsibilities	6
Auditors' Report	7
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Accounts	11-17

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**DIRECTORS AND COMPANY INFORMATION**

**DIRECTORS**

CHAIRMAN

J R Crosby

MANAGING DIRECTOR

B Abram

OTHER DIRECTORS

W A Beadle

P M Martin

A Selman

**SECRETARY**

S N Waite

**REGISTERED OFFICE**

Trinity Road  
HALIFAX  
HX1 2RG

**AUDITORS**

KPMG  
Chartered Accountants  
Registered Auditors  
1 The Embankment  
Neville Street  
LEEDS  
LS1 4DW

**HALIFAX INDEPENDENT FINANCIAL ADVISERS  
LIMITED  
DIRECTORS' REPORT**

The directors present their Annual Report and the audited Accounts for the year ended 31st January 1996.

## **PRINCIPAL ACTIVITY**

Throughout the year under review the company was primarily engaged in business as an independent intermediary for insurance and investment business.

## **BUSINESS REVIEW**

During the year the company has increased its activities in the insurance and investment market.

Following the transfer of engagements of Leeds Permanent Building Society to Halifax Building Society on 1st August 1995, certain assets and liabilities of Leeds Permanent Financial Planning Limited were transferred to the company at balance sheet value.

## **RESULTS AND DIVIDEND**

The results for the year are shown in the profit and loss account on page 8. The directors do not recommend the payment of a dividend and the loss for the financial year has been deducted from reserves.

## **FUTURE DEVELOPMENTS**

The company will continue to increase its activities in the insurance and investment market through the development of relationships with external introducers and other parts of the Group.

# **HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**

## **DIRECTORS' REPORT (cont'd)**

### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors who served during the year were as follows:-

#### **CHAIRMAN**

J R Crosby

#### **MANAGING DIRECTOR**

B Abram

#### **OTHER DIRECTORS**

W A Beadle

P M Martin - (Appointed 31st October 1995)

A Selman - (Appointed 31st October 1995)

G K Jackson - (Resigned 31st October 1995)

A C Jowett - (Resigned 31st October 1995)

During the year no director had any interest in the capital of the company or any group undertaking, and no rights to subscribe for such interests were granted.

### **LIABILITY INSURANCE**

The company maintained professional indemnity insurance for the directors and officers in respect of their duties on behalf of the company.

### **REGULATION**

From 20th February 1995 the company was regulated in respect of its investment business under the Financial Services Act 1986 by the Personal Investment Authority (PIA). Prior to 20th February 1995 the company was regulated by the Securities and Investments Board.

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**DIRECTORS' REPORT (cont'd)**

**CHARITABLE AND POLITICAL DONATIONS**

During the year the company made no charitable donations or political contributions.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S N Waite', with a stylized flourish at the end.

S N WAITE  
SECRETARY

Trinity Road  
HALIFAX  
HX1 2RG

12th March 1996

## **HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED STATEMENT OF 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 of the company for that period. In preparing those accounts, the directors are 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 accounts;
- 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 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 accounts comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT  
TO THE MEMBERS OF HALIFAX INDEPENDENT  
FINANCIAL ADVISERS LIMITED**

We have audited the accounts on pages 8 to 17.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND  
AUDITORS**

As described on page 6 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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.

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 accounts 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 accounts.

**OPINION**

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

*KPMG*

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

12th March 1996

1 The Embankment  
Neville Street  
LEEDS  
LS1 4DW



**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST JANUARY 1996**

		Continuing Operations	
	Note	1996 £	1995 £
TURNOVER	1	7,602,188	5,765,345
Staff costs	2	(4,623,005)	(2,971,866)
Other operating charges:			
Other		(2,950,060)	(2,408,902)
Exceptional	3	(485,262)	-
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(456,139)	384,577
Tax on loss/(profit) on ordinary activities	4	150,586	(129,119)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	5, 10	(305,553)	255,458
		<hr/>	<hr/>

A statement of the movement on reserves is shown in Note 5 to the accounts on page 13.

The company had no recognised gains or losses other than the (loss)/profit for the financial year in either 1996 or 1995.

The notes on pages 11 to 17 form part of these accounts.

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**BALANCE SHEET AS AT 31ST JANUARY 1996**

	Note	£	1996 £	£	1995 £
<b>CURRENT ASSETS</b>					
Debtors	6	3,317,188		2,885,999	
Cash at bank and in hand		150		-	
		<hr/>		<hr/>	
		3,317,338		2,885,999	
<b>CREDITORS: amounts falling due within one year</b>	7	(1,225,987)		(1,056,585)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			2,091,351		1,829,414
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8		(567,490)		-
			<hr/>		<hr/>
<b>NET ASSETS</b>			1,523,861		1,829,414
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		200,000		200,000
Profit and loss account	5		1,323,861		1,629,414
			<hr/>		<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10		1,523,861		1,829,414
			<hr/>		<hr/>

Approved by the Board of Directors on 12th March 1996 and signed on its behalf by:-

J R CROSBY  
DIRECTOR

B ABRAM  
DIRECTOR

The notes on pages 11 to 17 form part of these accounts.

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JANUARY 1996**

	Note	1996 £	1995 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	11	289,070	522,858
<b>TAXATION</b>			
Amounts paid in respect of tax losses surrendered by a fellow subsidiary undertaking		(111,400)	(93,340)
Income tax paid		-	(7,561)
<b>TAX PAID</b>		(111,400)	(100,901)
<b>INVESTING ACTIVITIES</b>			
Decrease/(Increase) in loan to group undertakings		(177,520)	(421,957)
		(177,520)	(421,957)
<b>NET CASH INFLOW BEFORE AND AFTER FINANCING</b>		150	NIL
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	12	150	NIL

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996**

**1. ACCOUNTING POLICIES**

**1.1 ACCOUNTING CONVENTION**

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

**1.2. TURNOVER**

Turnover represents commission and fees earned in respect of insurance and investment business and includes a provision for the future claw back of indemnity commission. The provision is based on guidance set out in the SIB rules as follows:-

	1996 £	1995 £
Gross commission income	8,089,471	5,765,345
Provision for future clawback of indemnity commission (note 8)	(487,283)	( - )
	<hr/>	<hr/>
Net commission income	7,602,188	5,765,345
	<hr/>	<hr/>

The directors have decided to make a provision for the future claw back of indemnity commission which is considered to be a change of accounting policy from that in previous years. The effect on the profit and loss account, which is shown above is considered significant. However, no prior year adjustment has been made in line with Financial Reporting Standard 3 as it is not considered practical to compute the amount involved.

**1.3 PENSION COSTS**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods which benefit from the employees' services.

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**2. STAFF NUMBERS AND COSTS**

The average number of persons employed by the company during the financial year, analysed by category was as follows:-

	1996	1995
Selling	107	79
Administrative	91	54
	<hr/> 198	<hr/> 133

The aggregate payroll costs of these persons were as follows:-

	1996 £	1995 £
Wages and salaries	3,776,047	2,445,869
Social security costs	247,539	183,997
Other pension costs	599,419	342,000
	<hr/> 4,623,005	<hr/> 2,971,866

The directors received no emoluments during the year (1995 - £Nil).

**3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1996 £	1995 £
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration and expenses		
For audit work	10,340	10,575
Exceptional Charge	485,262	-
Claw back provision (note 8)	487,283	-
	<hr/>	<hr/>

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (cont'd)**

Following the transfer of engagements of Leeds Permanent Building Society to Halifax Building Society on 1st August 1995, certain assets of Leeds Permanent Financial Planning Limited (LPFP) were transferred to the Company. The exceptional charge relates to the costs incurred in integrating the business of LPFP.

**4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

The (credit)/charge for the year, based on a UK corporation tax rate of 33% (1995 - 33%) comprises:-

	1996 £	1995 £
Corporation Tax	(139,348)	130,199
Release of over provision in previous years	(11,238)	(1,080)
	<hr/>	<hr/>
	(150,586)	129,119
	<hr/>	<hr/>

The current year corporation tax credit represents estimated consideration receivable for tax losses which are to be surrendered to other group undertakings. The liability for 1995 was offset by losses surrendered by fellow subsidiary undertakings for which payment has been made.

There was no liability to deferred taxation.

**5. RESERVES**

	1996 £	1995 £
<b>PROFIT AND LOSS ACCOUNT</b>		
At 1st February 1995	1,629,414	1,373,956
(Loss)/Profit for the financial year	(305,553)	255,458
	<hr/>	<hr/>
At 31st January 1996	1,323,861	1,629,414
	<hr/>	<hr/>

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**6. DEBTORS**

	1996 £	1995 £
Amounts owed by parent undertaking	3,019,627	2,801,879
Corporation tax owed by parent undertaking	139,348	-
Prepayments and accrued income	158,213	84,120
	<hr/> 3,317,188	<hr/> 2,885,999

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

	1996 £	1995 £
Amount owed to fellow subsidiary undertaking	770,397	730,169
Other creditors	455,590	203,778
Corporation tax	-	122,638
	<hr/> 1,225,987	<hr/> 1,056,585

**8. PROVISIONS FOR LIABILITIES AND CHARGES**

	1996 £	1995 £
CLAW BACK PROVISION		
At 1st February 1995	-	-
Provision transferred from LPFP	80,207	-
Profit and loss account	487,283	-
	<hr/> 567,490	<hr/> -
At 31st January 1996		

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**9. CALLED UP SHARE CAPITAL**

	1996 £	1995 £
Authorised 1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid 200,000 ordinary shares at £1 each	200,000	200,000

**10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
(Loss)/Profit for the financial year	(305,553)	255,458
Opening shareholders' funds	1,829,414	1,573,956
Closing shareholders' funds	1,523,861	1,829,414

**11. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES**

	1996 £	1995 £
(Loss)/Profit from continuing operations	(456,139)	384,577
(Increase)/Decrease in debtors	(74,093)	171,643
Increase/(Decrease) in creditors	251,812	(33,362)
Increase in provisions	567,490	-
Net cash inflow from operating activities	289,070	522,858



**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**12. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1996 £	1995 £
CASH IN HAND		
Balance at 1st February 1995	-	-
Balance transferred from LPFP	150	-
	<hr/>	<hr/>
Balance at 31st January 1996	150	-
	<hr/>	<hr/>

**13. PENSION COMMITMENTS**

The company participates in the main group pension scheme, which is of the defined benefit type. Particulars of the latest actuarial valuation of the main scheme are disclosed in the accounts of Halifax Building Society. The pension fund surplus in the main scheme attributable to those members employed by Halifax Independent Financial Advisers Limited is dealt with in the accounts of Halifax Building Society.

**14. CONTINGENT LIABILITY**

(i) VAT

Under a group registration the company is jointly and severally liable for value added tax due by other group undertakings. At 31st January 1996 this contingent liability amounted to £1,208,597 (1995: £172,641).

(ii) SIB review of pension transfer advice

Following a review of pension transfer advice given by a sample of companies regulated under the Financial Services Act 1986 by The Securities and Investments Board ("SIB") in 1994, the company has undertaken to review its own pension transfer business. An amount has been provided in the Accounts of Halifax Building Society representing the Society's best estimate of the probable liability for the group.

**HALIFAX INDEPENDENT FINANCIAL ADVISERS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY 1996 (cont'd)**

**15. ULTIMATE PARENT UNDERTAKING**

The company is a wholly owned subsidiary of Halifax Building Society, which is registered in England and Wales and operates within the United Kingdom. Copies of the accounts of Halifax Building Society can be obtained from Trinity Road, Halifax, West Yorkshire, HX1 2RG, which is its principal place of business.