

WEINEL & PARTNERS LIMITED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 1996

MacIntyre & Co  
Chartered Accountants  
Registered Auditors  
London

Company Number: 2467160



DIRECTORS

S H Aberdeen  
J H Spencer  
P S Weinel

SECRETARY

A N Drake

AUDITORS

MacIntyre & Co  
28 Ely Place  
London EC1N 6RL

CUSTODIANS

Bank of Scotland  
St Albans House  
59 Haymarket  
London  
SW1Y 4QX

BANKERS

Lloyds Bank Plc  
6 Holborn Circus  
London EC1N 2HP

REGISTERED OFFICE

28 Ely Place  
London EC1N 6RL

SUBSIDIARY UNDERTAKINGS

Dalglish Weinel and Partners Limited  
(Registered in England)

Weinel and Partners Financial Consultants Limited  
(Registered in England)

Samuel A May (London) Limited  
(Registered in England)

WEINEL & PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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Weinel & Partners Limited was incorporated  
in England on 5 February 1990.

Company Registration Number: 2467160

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their annual report and the group's financial statements for the year ended 31 December 1996.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group in the year under review was that of Investment Managers and Independent Financial Advisers.

The holding company provides discretionary management services in relation to stocks, shares and clients' unit linked life and pensions policies. As at 31 December 1996 the total funds under discretionary management amounted to £41 million.

On 1 January 1996 the company transferred its Life and Pension Broking activities to Weinel & Partners Financial Consultants Limited, a wholly owned subsidiary. On 30 November 1996 Dagleish, Weinel & Partners Limited acquired the share capital of Samuel A May (London) Limited.

In the opinion of the directors, the group was in a satisfactory position at the year end.

## RESULTS AND DIVIDENDS

The results are set out in the profit and loss account on page 4.

The directors did not recommend the payment of a dividend.

## DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The directors and their beneficial interests in the holding company's shares at the beginning and end of the year were as follows:

	31 December 1996 No.	1 January 1996 No.
S H Aberdeen	5,040	4,500
P S Weinel (including family interests)	17,080	16,999
J H Spencer (including family interests)	4,760	2,500

No director had any interest in the share capital of the company's subsidiaries.

## FIXED ASSETS

The movements in fixed assets during the year are shown in notes 11 and 12 of the notes to the financial statements.

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1996

## 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

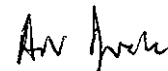
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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

Messrs MacIntyre & Co have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

By Order of the Board

A N DRAKE  
Secretary

Registered Office

28 Ely Place  
London  
EC1N 6RL

...29/4..... 1997

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF WEINEL & PARTNERS LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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

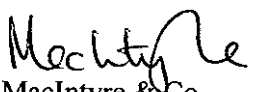
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 group's affairs as at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28 Ely Place  
London  
EC1N 6RL

  
MacIntyre & Co  
Chartered Accountants  
Registered Auditors

29/4/..... 1997

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
Turnover	2	1,155,148	974,418
Administrative expenses	3	(1,128,343)	(946,366)
		<hr/>	<hr/>
OPERATING PROFIT	4	26,805	28,052
(Loss) on disposal of fixed assets		-	(90)
Interest receivable and similar income	7	10,914	7,065
Interest payable and similar charges	8	(4,590)	(3,972)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	33,129	31,055
Taxation	9	(10,362)	(10,509)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		22,767	20,546
MINORITY INTEREST		(953)	(4)
		<hr/>	<hr/>
Dividends	10	21,814 -	20,542 (8,000)
		<hr/>	<hr/>
RETAINED PROFIT FOR YEAR	20	£ 21,814	£ 12,542
		<hr/>	<hr/>

## TOTAL RECOGNISED GAINS AND LOSSES

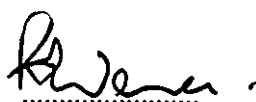
The group has no recognised gains and losses other than the profit for the above two financial years.

The notes on pages 9 to 16 form part of these financial statements.

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 1996

	Notes	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Tangible assets	11		35,741		31,456
<b>CURRENT ASSETS</b>					
Debtors	13	270,828		251,182	
Cash at bank and in hand		190,611		70,874	
		<u>461,439</u>		<u>322,056</u>	
CREDITORS: Amounts falling due within one year	14	(344,264)		(227,671)	
NET CURRENT ASSETS			117,175		94,385
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>152,916</u>		<u>125,841</u>
CREDITORS: Amounts falling due after more than one year	15		(27,272)		(25,000)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(7,702)		(11,414)
NET ASSETS			<u>£117,942</u>		<u>£ 89,427</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	18		28,000		25,000
Share premium account	19		3,000		-
Profit and loss account	20		85,471		63,909
Shareholders' funds	25		<u>116,471</u>		<u>88,909</u>
Minority Interests			1,471		518
			<u>£117,942</u>		<u>£ 89,427</u>



P S Weinell  
Director

The financial statements were approved by the board of directors on 28/3/ 1997.

The notes on pages 9 to 16 form part of these financial statements.



## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 1996

	Notes	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Tangible assets	11		22,181		21,581
Investments	12		11,500		11,500
			<hr/>		<hr/>
			33,681		33,081
<b>CURRENT ASSETS</b>					
Debtors	13	156,030		244,726	
Cash at bank and in hand		27,397		55,025	
		<hr/>		<hr/>	
			183,427		299,751
CREDITORS: Amounts falling due within one year	14	(78,415)		(207,560)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			105,012		92,191
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			138,693		125,272
<b>CREDITORS: Amounts falling due after more than one year</b>					
	15		(25,000)		(25,000)
<b>Provisions for liabilities and charges:</b>					
Other provisions	16		-		(11,414)
			<hr/>		<hr/>
			£113,693		£ 88,858
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Share capital	18		28,000		25,000
Share premium account	19		3,000		-
Profit and loss account	20		82,693		63,858
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			£113,693		£ 88,858
			<hr/>		<hr/>



P S Weinell  
Director

The financial statements were approved by the board of directors on 28/3/1997.

The notes on pages 9 to 16 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

	1996	1995
£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 1)	69,661	30,111
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10,914	7,065
Interest paid	(4,590)	(3,972)
Dividends paid	-	(8,000)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	6,324	(4,907)
Taxation Paid	(11,024)	(5,526)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(11,556)	(2,392)
Sale of tangible fixed assets	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES	(11,556)	(2,392)
FINANCING ACTIVITIES		
New short term loan	2,272	-
Repayment of amount borrowed	-	-
Net cash flow from financing	2,272	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	55,677	17,286
Cash and cash equivalents at 1 January 1996	61,507	44,221
Cash and cash equivalents at 31 December 1996 (Note 3)	£117,184	£ 61,507

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

## 1. RECONCILIATION OF OPERATING PROFIT TO CASH FLOW

	1996 £	1995 £
Operating profit	26,805	28,052
Depreciation	6,614	5,171
Amortisation	657	657
(Increase)/Decrease in debtors	(13,646)	(100,078)
Increase in creditors (excluding insurance broking creditors)	53,195	96,615
(Decrease)/Increase in provisions	(3,712)	(306)
Goodwill arising on consolidation	(252)	-
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>£ 69,661</b>	<b>£ 30,111</b>

## 2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Balance at 1 January 1996	61,507	44,221
Net cash inflow	55,677	17,286
<b>Balance at 31 December 1996</b>	<b>£117,184</b>	<b>£ 61,507</b>

## 3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £	Change In year £
Cash at bank and in hand	190,611	70,874	
Bank overdraft	(2,040)	-	
	<b>188,571</b>	<b>70,874</b>	
Insurance Broking Account (Held by subsidiary)	(71,387)	(9,367)	
	<b>£117,184</b>	<b>£ 61,057</b>	<b>£ 55,677</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

## 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

## Basis of Accounting

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

## Commission Income

Commissions on transactions in life policies and pension contracts are recognised once the insurance company has issued its acceptance terms and the first premium is paid.

Commissions on indemnity terms are recognised on the same basis but a provision is made for repayment in the event that premiums cease within the indemnity period. The provision is calculated on the higher of expected repayment and 2½% of commissions received on indemnity terms during the year.

## Basis of consolidation

The group accounts consolidate the accounts of Weinel and Partners Limited and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Weinel and Partners Limited as permitted by section 230 of the Companies Act 1985. The profit dealt with in the company is £18,835.

## Fees Receivable

Investment management fees earned at the balance sheet date are included as income where they are to be invoiced to clients within six months of the balance sheet date.

## Depreciation

Depreciation is calculated to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold property	period of lease
Fixtures and fittings	15% Reducing balance basis
Office equipment	15% Reducing balance basis
Computer equipment	33 1/3% Straight line

## Leasing Commitments

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

## 2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover comprises commissions and fees receivable, exclusive of Value Added Tax.

Analysis by class of business	1996	1995	1996	1995
	£	£	£	£
	Turnover		Pre-tax Profit	
Financial advice	1,053,804	920,190	27,822	30,758
Insurance broking	101,344	54,228	5,307	297
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,155,148	£974,418	£ 33,129	£ 31,055
	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

## 3. ADMINISTRATIVE EXPENSES

Administrative expenses include shared commission of £65,135 (1995: £154,158).

## 4. OPERATING PROFIT

Operating profit is stated after charging:	1996 £	1995 £
Depreciation and amortisation	7,271	5,828
Auditors' remuneration	9,013	6,715
Operating lease charges:		
- Land and buildings	54,300	54,300
- Other	9,698	29,611
	<hr/>	<hr/>

## 5. STAFF NUMBERS AND COSTS

The average number of staff including directors employed by the group during the year amounted to 22 (1995: 17).

The aggregate costs of staff were:	1996 £	1995 £
Wages and salaries	600,590	498,488
Social Security costs	60,828	47,940
	<hr/>	<hr/>
	£661,418	£546,428
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

6. DIRECTORS' REMUNERATION	1996 £	1995 £
Emoluments, including pension contributions	£207,013	£175,165

The emoluments, excluding pension contributions, of the directors of the holding company are detailed as follows:

	1996 £	1995 £
Chairman	£ 59,587	£ 48,292
Highest paid director	£ 86,171	£ 60,887

The emoluments of the other directors were within the following ranges:

	1996 No.	1995 No.
£ 25,001 - £ 30,000	-	1
£ 40,001 - £ 45,000	-	1
£ 60,001 - £ 65,000	1	-

7. INTEREST RECEIVABLE AND SIMILAR INCOME	1996 £	1995 £
Bank interest received	10,618	7,030
Other interest received	296	35
	£ 10,914	£ 7,065

8. INTEREST PAYABLE AND SIMILAR CHARGES	1996 £	1995 £
Bank overdraft	959	328
Subordinated loan	3,598	3,625
Other interest	33	19
	£ 4,590	£ 3,972

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES  
The tax charge consisted of the following items:

	1996 £	1995 £
Corporation tax at current rates	9,743	10,405
Under provision in respect of prior years	619	104
	£ 10,362	£ 10,509

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

10.	DIVIDENDS				1996	1995
					£	£
	Ordinary - paid £nil (1995 32p per share)				£ -	£ 8,000
					<u>          </u>	<u>          </u>
11.	TANGIBLE FIXED ASSETS GROUP					
		Short Leasehold £	Computer Equipment £	Fixtures & Fittings £	Office Equipment £	Total £
	COST					
	Balance b/fwd	16,425	15,049	9,700	11,680	52,854
	Additions	-	10,889	-	667	11,556
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Balance c/fwd	16,425	25,938	9,700	12,347	64,410
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	DEPRECIATION					
	Balance b/fwd	2,081	14,187	144	4,986	21,398
	Charge for year	657	4,075	1,433	1,106	7,271
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Balance c/fwd	2,738	18,262	1,577	6,092	28,669
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	NET BOOK VALUE					
	At 31 December 1996	£ 13,687	£ 7,676	£ 8,123	£ 6,255	£ 35,741
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December 1995	£ 14,344	£ 862	£ 9,556	£ 6,694	£ 31,456
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	TANGIBLE FIXED ASSETS COMPANY					
		Short Leasehold £	Computer Equipment £	Fixtures and Fittings £	Office Equipment £	Total £
	COST					
	Balance b/fwd	16,425	15,049	-	11,069	42,543
	Additions	-	3,765	-	667	4,432
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Balance c/fwd	16,425	18,814	-	11,736	46,975
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	DEPRECIATION					
	Balance b/fwd	2,081	14,187	-	4,694	20,962
	Charge for the year	657	2,117	-	1,058	3,832
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Balance c/fwd	2,738	16,304	-	5,752	24,794
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	NET BOOK VALUE					
	At 31 December 1996	£ 13,687	£ 2,510	£ -	£ 5,984	£ 22,181
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December 1995	£ 14,344	£ 862	£ -	£ 6,375	£ 21,581
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

12. FIXED ASSETS INVESTMENTS	Company	
	1996 £	1995 £
Balance brought forward	11,500	1,500
Additions	-	10,000
	<hr/>	<hr/>
Balance carried forward	£ 11,500	£ 11,500
	<hr/>	<hr/>
Investments held directly		
i) 75% of the issued share capital of Dagleish Weinell and Partners Limited, a company registered in England, whose principal activity is insurance broking.		
ii) 100% of the issued share capital of Weinell and Partners Financial Consultants Limited, a company registered in England, whose principal activity is that of independent financial advisors.		

## Investments held indirectly

75% of Samuel A May (London) Limited a company registered in England and which is a wholly owned subsidiary of Dagleish Weinell and Partners Limited, whose principal activity is Insurance broking.

13. DEBTORS	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Trade debtors	166,896	133,996	22,967	126,149
Other debtors	1,318	1,011	-	1,000
Amount owed by subsidiary undertaking	-	-	42,559	2,500
Called up share capital not paid	6,000	-	6,000	-
Prepayments and accrued income	96,614	116,175	84,504	115,077
	<hr/>	<hr/>	<hr/>	<hr/>
	£270,828	£251,182	£156,030	£244,726
	<hr/>	<hr/>	<hr/>	<hr/>

Included in other debtors is an amount of £540 due from S H Aberdeen a directors of the company, which was recovered by the company after the year end.

14. CREDITORS: Amounts falling due within one year	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Bank overdraft	2,040	-	-	-
Trade creditors	75,304	37,255	37,701	37,202
Corporation Tax	10,947	10,405	7,000	10,227
Other taxes and Social Security	39,809	37,669	11,052	36,583
Other creditors	26,411	8,000	-	8,000
Accruals and deferred income	118,366	124,975	22,662	115,448
Insurance broking creditors	71,387	9,367	-	-
Amount owed to subsidiary undertaking	-	-	-	100
	<hr/>	<hr/>	<hr/>	<hr/>
	£344,264	£227,671	£ 78,415	£207,560
	<hr/>	<hr/>	<hr/>	<hr/>

The bank overdraft is repayable on demand and is secured by a fixed and floating charge over the assets of the company.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

15. CREDITORS: Amounts falling due after more than one year	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loan	2,272	-	-	-
Subordinated loan	25,000	25,000	25,000	25,000
	<u>£ 27,272</u>	<u>£ 25,000</u>	<u>£ 25,000</u>	<u>£ 25,000</u>
16. PROVISIONS FOR LIABILITIES AND CHARGES	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Commission on indemnity terms	£ 7,702	£ 11,414	£ -	£ 11,414
	<u>£ 7,702</u>	<u>£ 11,414</u>	<u>£ -</u>	<u>£ 11,414</u>

On 1 January 1996 the company transferred its Life and Pension Broking activities to Weinel & Partners Financial Consultants Limited, a wholly owned subsidiary, and therefore no provision for clawback of commission on indemnity terms is required in the holding company's accounts.

## 17. TRANSACTIONS WITH RELATED PARTIES

During the year the group rented office equipment and computer equipment from Silverdale Consultants Limited, a company of which Mr P S Weinel is a director and shareholder. The rentals paid during the year amounted to £23,468 (1995: £23,682).

Commission paid includes £1,776 paid to S H Aberdeen, £135 paid to J H Spencer and £915 to P S Weinel all of whom are directors of the company.

The subordinated loan is from P S Weinel a director of the company. Interest of £3,598 was paid in relation to this loan.

18. SHARE CAPITAL	1996	1995
	£	£
AUTHORISED SHARE CAPITAL		
100,000 Ordinary Shares of £1.00 each	£100,000	£100,000
	<u>£100,000</u>	<u>£100,000</u>
ALLOTTED CALLED UP AND FULLY PAID		
25,000 Ordinary Shares of £1.00 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
ALLOTTED CALLED UP AND UNPAID		
3,000 Ordinary Shares of £1.00 each	3,000	-
	<u>£ 28,000</u>	<u>£ 25,000</u>
19. SHARE PREMIUM ACCOUNT	1996	1995
	£	£
Balance brought forward	-	-
Share issue in year	3,000	-
	<u>£ 3,000</u>	<u>£ -</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

20. PROFIT AND LOSS ACCOUNT	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Balance at 1 January 1996	63,909	51,367	63,858	51,327
Retained profit for the year	21,814	12,542	18,835	12,531
Goodwill arising on consolidation	(252)	-	-	-
Balance at 31 December 1996	<u>£ 85,471</u>	<u>£ 63,909</u>	<u>£ 82,693</u>	<u>£ 63,858</u>

## 21. CAPITAL COMMITMENTS

At 31 December 1996 the company and group had no capital commitments (1995: £NIL).

## 22. CONTINGENT LIABILITIES

The company has entered into a deed under which, in the event of insolvency during the period of the lease, it shall repay £54,300 of the capital contribution received in 1992 of £60,500. This deed is guaranteed by Lloyds Bank Plc which has an unlimited debenture over the company's assets

23. CLIENT MONIES	Group and Company 1996	Group and Company 1995
	£	£
Clients bank accounts	1,167,798	1,502,428
Less: Liabilities to clients	(1,167,798)	(1,502,428)
	<u>£ -</u>	<u>£ -</u>
Value of clients' assets (other than money) in possession or held to order	<u>£11,894,822</u>	<u>£10,319,488</u>

## 24. OPERATING LEASE COMMITMENTS

At 31 December 1996 the group had annual commitments under non-cancellable operating leases as set out below.

	1996		1995	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	-	5,468	-	-
Within one to two years	-	-	-	5,468
Within two to five years	-	-	-	-
Over five years	54,300	-	54,300	-
	<u>£ 54,300</u>	<u>£ 5,468</u>	<u>£ 54,300</u>	<u>£ 5,468</u>

The commitment under the property lease commenced on 4 November 1995, prior to which a peppercorn rent is payable, and is subject to review 3 years from 4 November 1995. The company has the option to terminate the lease after ten years.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1996

## 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Opening shareholders' funds	88,909	76,367
Issue of shares	6,000	-
Profit for the year	21,814	12,542
Goodwill arising on consolidation	(252)	-
	<hr/>	<hr/>
Closing shareholders' funds	£116,471	£ 88,909
	<hr/>	<hr/>

## 26. CONTROLLING PARTY

The directors consider that the company is controlled by P S Weinel