

WEINEL & PARTNERS LIMITED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 1998

MacIntyre & Co  
Chartered Accountants  
Registered Auditors  
London

Company Number: 2467160



**WEINEL & PARTNERS LIMITED**

**DIRECTORS**

S H Aberdeen  
J H Spencer  
P S Weinell

**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 Weinell and Partners Limited  
(Registered in England and Wales)

Weinell and Partners Financial Consultants Limited  
(Registered in England and Wales)

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

WEINEL & PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

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

Company Registration Number: 2467160

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their annual report and the group's financial statements for the year ended 31 December 1998.

## 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 investments. As at 31 December 1998 the total funds under discretionary management amounted to approximately £25 million.

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 do not recommend the payment of a dividend (1997: £8,960).

## DIRECTORS AND THEIR INTERESTS IN THE HOLDING 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 1998 No.	1 January 1998 No.
S H Aberdeen	5,040	5,040
P S Weinel (including family interests)	17,080	17,080
J H Spencer (including family interests)	4,760	4,760

## FIXED ASSETS

The movements in fixed assets during the year are shown in notes 11 to 14 of the notes to the financial statements.

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1998

## 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 the group and of the profit or loss of the company and 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 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.

## YEAR 2000

The directors have considered the Year 2000 issue with regard to any possible computer problems.

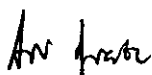
The company is constantly monitoring its software to work towards compliance. There are no separately identifiable costs to this work and therefore it has not been quantified.

The directors are in contact with its suppliers to gain confidence that no problems will arise, however it is of course not possible to be certain that Year 2000 problems will not occur.

## AUDITORS

Messrs MacIntyre & Co have expressed their willingness to continue in office as auditors of the holding company 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

28 Ely Place  
London  
EC1N 6RL

.....18/5..... 1999

## REPORT OF THE AUDITORS

## TO THE MEMBERS OF WEINEL &amp; PARTNERS LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the 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

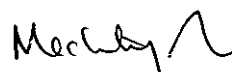
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 and company's affairs as at 31 December 1998 and of the group's 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

.....18/5/..... 1999

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

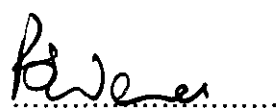
	Notes	1998 £	1997 £ restated
Turnover	2	1,143,923	1,530,554
Administrative expenses	3	(1,144,093)	(1,434,144)
OPERATING (LOSS) / PROFIT	4	(170)	96,410
Interest receivable and similar income	7	15,759	13,196
Interest payable and similar charges	8	(1,296)	(4,418)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	14,293	105,188
Taxation	9	5,421	(26,060)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,872	79,128
MINORITY INTEREST		12,531	(11,060)
		21,403	68,068
Dividends	10	-	(8,960)
RETAINED PROFIT FOR YEAR	22	£ 21,403	£ 59,108
TOTAL RECOGNISED GAINS AND LOSSES		1998 £	1997 £
Retained profit for the year		21,403	59,108
Prior year adjustment (note 22)		42,259	252
Gains and losses recognised since last report		£ 63,662	£ 59,360

The notes on pages 8 to 18 form part of these financial statements.

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	Restated £
<b>FIXED ASSETS</b>					
Intangible assets	11		70,698		42,259
Tangible assets	12		28,996		32,403
			<hr/>		<hr/>
			99,694		74,662
<b>CURRENT ASSETS</b>					
Debtors	15	211,089		239,803	
Cash at bank and in hand		191,270		282,628	
		<hr/>		<hr/>	
			402,359		522,431
<b>CREDITORS: Amounts falling due within one year</b>	16	(297,395)		(392,491)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			104,964		129,940
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			204,658		204,602
<b>CREDITORS: Amounts falling due after more than one year</b>	17		-		(649)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18		(7,424)		(15,591)
			<hr/>		<hr/>
<b>NET ASSETS</b>			£197,234		£188,362
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Share capital	20		28,000		28,000
Share premium account	21		3,000		3,000
Profit and loss account	22		166,234		144,831
			<hr/>		<hr/>
Shareholders' funds	26		197,234		175,831
Minority interests			-		12,531
			<hr/>		<hr/>
			£197,234		£188,362
			<hr/>		<hr/>



P S Weinell  
Director

The financial statements were approved by the board of directors on 18/5 1999.

The notes on pages 8 to 18 form part of these financial statements.



## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		17,515		20,334
Investments	14		11,500		11,500
			<hr/>		<hr/>
			29,015		31,834
<b>CURRENT ASSETS</b>					
Debtors	15	127,015		133,669	
Cash at bank and in hand		33,671		74,128	
		<hr/>		<hr/>	
			160,686		207,797
CREDITORS: Amounts falling due within one year	16	(55,718)		(101,193)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			104,968		106,604
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			133,983		138,438
<b>CREDITORS: Amounts falling due after more than one year</b>					
	17		-		-
			<hr/>		<hr/>
			£133,983		£138,438
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Share capital	20		28,000		28,000
Share premium account	21		3,000		3,000
Profit and loss account	22		102,983		107,438
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS	26		£133,983		£138,438
			<hr/>		<hr/>



P S Weinell  
Director

The financial statements were approved by the board of directors on 15/5 1999.

The notes on pages 8 to 18 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £ restated
Net cash (outflow) / inflow from operating activities	28	(39,672)	156,288
Returns on investments and servicing of finance	29	14,463	8,778
Taxation paid		(25,840)	(11,034)
Capital expenditure	29	(40,248)	(49,261)
		<u>(91,297)</u>	<u>104,771</u>
Equity dividends paid		-	(8,960)
		<u>(91,297)</u>	<u>95,811</u>
Management of liquid resources		-	-
Financing	29	(1,842)	(1,623)
		<u>(1,842)</u>	<u>(1,623)</u>
Increase in cash	30	<u>£(93,139)</u>	<u>£ 94,188</u>
<hr/>			
Reconciliation of net cash to movement in net funds			
(Decrease)/Increase in cash		(93,139)	94,188
Cash to decrease liquid resources		<u>1,842</u>	<u>1,623</u>
Change in net funds		(91,297)	95,811
Opening net funds		<u>210,723</u>	<u>114,912</u>
Closing net funds	30	<u>£119,426</u>	<u>£ 210,723</u>

The notes on pages 8 to 18 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

## 1. ACCOUNTING POLICIES

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

**Basis of Accounting**

The group 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.

**Investments**

Fixed asset investments are stated at cost less any provision for a permanent diminution in value.

**Insurance broking debtors and creditors**

A subsidiary undertaking acts as agent in broking the insurable risks of its clients and, generally, is not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters, and since in practice premium and claim monies are usually accounted for by insurance intermediaries, the subsidiary has followed accepted accounting practice by showing cash, debtors and creditors relating to insurance business, as assets and liabilities of the company itself.

**Basis of consolidation**

The group accounts consolidate the accounts of Weinel & Partners Limited and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Weinel & Partners Limited as permitted by section 230 of the Companies Act 1985. Purchased goodwill and goodwill on consolidation is amortised over the useful life of the asset, being, in the opinion of the directors, 10 years from initial investment and 5 years respectively.

**Fees Receivable**

Investment management fees are included as income by the group when receivable.

**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.

**Deferred Tax**

Deferred taxation is provided using the liability method in respect of all timing differences, except where it is expected that the liability will not crystallise in the foreseeable future.

**Pension Costs**

The pension costs charged in the group financial statements represents the contributions payable by the Group into a defined contributions scheme during the year and in accordance with SSAP24.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

## 2. TURNOVER AND PROFIT BEFORE TAXATION

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

The directors have not disclosed the split of turnover and pre-tax profit, by class of business as they consider it would be seriously prejudicial to the business.

## 3. ADMINISTRATIVE EXPENSES

Administrative expenses include shared commission of £68,941 (1997: £126,726).

## 4. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated after charging:	1998 £	1997 £
Depreciation and amortisation	15,216	10,592
Auditors' remuneration	15,372	15,736
Operating lease charges:		
- Land and buildings	54,300	54,300
- Other	6,172	8,639
	<hr/>	<hr/>

## 5. STAFF NUMBERS AND COSTS

The average number of staff including directors employed by the group during the year amounted to 19 (1997: 19).

The aggregate costs of staff were:	1998 £	1997 £
Wages and salaries	649,112	793,648
Social security costs	63,453	80,013
Pension costs	15,255	6,968
	<hr/>	<hr/>
	£727,820	£880,629
	<hr/>	<hr/>

The group operates a defined contribution pension scheme and the pension costs of £15,255 (1997: £6,968) represent the group's payments to a life company during the year.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

6.	DIRECTORS' REMUNERATION	1998	1997
		£	£
	The emoluments of the directors of the holding company from all group companies is as follows:		
	Emoluments for services as directors	188,121	257,914
	Pension costs	6,483	4,250
		<hr/>	<hr/>
		£194,604	£262,164
		<hr/>	<hr/>
7.	INTEREST RECEIVABLE AND SIMILAR INCOME	1998	1997
		£	£
	Bank interest received	15,759	13,196
		<hr/>	<hr/>
		£ 15,759	£ 13,196
		<hr/>	<hr/>
8.	INTEREST PAYABLE AND SIMILAR CHARGES	1998	1997
		£	£
	Bank overdraft	276	838
	Subordinated loan	1,020	3,580
		<hr/>	<hr/>
		£ 1,296	£ 4,418
		<hr/>	<hr/>
9.	TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
	The tax charge consists of the following items:	1998	1997
		£	£
	UK corporation tax at 21% (1997: 21.75%)	5,554	25,973
	(Over)/under provision in respect of prior years	(133)	87
		<hr/>	<hr/>
		£ 5,421	£26,060
		<hr/>	<hr/>
10.	DIVIDENDS	1998	1997
	Ordinary – paid nil (1997 32p per share)	£ -	£ 8,960
		<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

11. INTANGIBLE FIXED ASSETS  
GROUP

	Purchased goodwill £	Goodwill on consolidation £	Total £
<b>COST</b>			
At 1 January 1998 – as restated	47,117	-	47,117
Additions	32,496	5,750	38,246
	<hr/>	<hr/>	<hr/>
At 31 December 1998	79,613	5,750	85,363
	<hr/>	<hr/>	<hr/>
<b>AMORTISATION</b>			
At 1 January 1998 – as restated	4,858	-	4,858
Charge in the year	8,657	1,150	9,807
	<hr/>	<hr/>	<hr/>
At 31 December 1998	13,515	1,150	14,665
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 1998	£66,098	£4,600	£70,698
	<hr/>	<hr/>	<hr/>
At 31 December 1997 – as restated	£42,259	£-	£42,259
	<hr/>	<hr/>	<hr/>

Purchased goodwill has been re-instated in accordance with FRS 10 (note 22).

12. TANGIBLE FIXED ASSETS  
GROUP

	Short Leasehold £	Computer Equipment £	Fixtures & Fittings £	Office Equipment £	Total £
<b>COST</b>					
At 1 January 1998	16,425	25,938	9,700	14,743	66,806
Additions	-	-	-	2,002	2,002
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	16,425	25,938	9,700	16,745	68,808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
At 1 January 1998	3,395	20,822	2,985	7,201	34,403
Charge for year	657	2,313	707	1,732	5,409
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	4,052	23,135	3,692	8,933	39,812
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 31 December 1998	£ 12,373	£ 2,803	£ 6,008	£ 7,812	£ 28,996
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	£ 13,030	£ 5,116	£ 6,715	£ 7,542	£ 32,403
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

## 13. TANGIBLE FIXED ASSETS (continued)

## COMPANY

	Short Leasehold £	Computer Equipment £	Office Equipment £	Total £
<b>COST</b>				
At 1 January 1998	16,425	18,814	12,869	48,108
At 31 December 1998	16,425	18,814	12,869	48,108
<b>DEPRECIATION</b>				
At 1 January 1998	3,395	17,559	6,820	27,774
Charge for the year	657	1,225	907	2,819
At 31 December 1998	4,052	18,814	7,727	30,593
<b>NET BOOK VALUE</b>				
At 31 December 1998	£ 12,373	£ -	£ 5,142	£ 17,515
At 31 December 1997	£ 13,030	£ 1,255	£ 6,049	£ 20,334

	Company	
	1998 £	1997 £
14. FIXED ASSETS INVESTMENTS		
At 1 January and 31 December 1998	11,500	11,500
Investments held directly		

- i) 75% of the issued ordinary £1 share capital of Dagleish Weinell and Partners Limited, a company registered in England, whose principal activity is insurance broking.
- ii) 100% of the issued ordinary £1 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

100% of the issued ordinary £1 share capital of Samuel A May (London) Limited a company registered in England and which is a wholly owned subsidiary of Dagleish Weinell and Partners Limited, which has been dormant in the period.

25% of the issued ordinary £1 share capital of Dagleish Weinell and Partners Limited, as detailed above.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

15. DEBTORS	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	101,478	112,059	17,659	12,620
Other debtors	5,098	1,500	-	-
Amount owed by subsidiary undertaking	-	-	26,439	23,902
Prepayments and accrued income	104,513	124,004	82,917	94,907
ACT recoverable	-	2,240	-	2,240
	<u>£211,089</u>	<u>£239,803</u>	<u>£127,015</u>	<u>£133,669</u>

16. CREDITORS: Amounts falling due within one year	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Subordinated loan	-	25,000	-	25,000
Bank overdraft and loans	1,594	2,040	-	-
Trade creditors	15,895	8,689	12,141	4,954
Corporation tax	5,554	28,213	-	2,240
Other taxes and social security	23,117	41,576	8,665	17,615
Other creditors	68,068	84,267	4,378	9,799
Accruals and deferred income	112,917	133,490	30,534	41,585
Insurance broking creditors	70,250	69,216	-	-
	<u>£297,395</u>	<u>£392,491</u>	<u>£ 55,718</u>	<u>£101,193</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

17. CREDITORS: Amounts falling due after more than one year	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loan	-	649	-	-
	<u>£ -</u>	<u>£ 649</u>	<u>£ -</u>	<u>£ -</u>

The bank loan 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 1998

18. PROVISIONS FOR LIABILITIES AND CHARGES	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Commission on indemnity terms	£ 7,424	£ 15,591	£ -	£ -

## 19. TRANSACTIONS WITH RELATED PARTIES

The subordinated loan is from P S Weinel a director of the company. Interest of £1,020 was paid in relation to this loan, which was repaid in the year.

20. SHARE CAPITAL	1998 £	1997 £
AUTHORISED SHARE CAPITAL		
100,000 Ordinary Shares of £1.00 each	£100,000	£100,000
ALLOTTED CALLED UP AND FULLY PAID		
28,000 Ordinary Shares of £1.00 each	£ 28,000	£ 28,000
21. SHARE PREMIUM ACCOUNT		
	1998 £	1997 £
Balance at 1 January	3,000	3,000
Balance at 31 December	£ 3,000	£ 3,000

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

22. PROFIT AND LOSS ACCOUNT	Group		Company	
	1998 £	1997 £ restated	1998 £	1997 £
Balance at 1 January				
As originally stated	102,572	85,471	107,438	82,693
Prior year adjustment	42,259	252	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
As restated	144,831	85,723	107,438	82,693
Profit/(loss) for the year				
(1997 restated for £4,858 goodwill amortisation now recognised)	21,403	59,108	(4,455)	24,745
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	£166,234	£144,831	£ 102,983	£107,438
	<hr/>	<hr/>	<hr/>	<hr/>

The prior year adjustment re-instates purchased goodwill £47,117 and related amortisation £4,858, in accordance with FRS 10. This had previously been written off to reserves.

As shown in note 11 above, the consolidated balance sheet now carries the goodwill as an asset, and amortised in accordance with the accounting policy detailed in note 1.

## 23. CAPITAL COMMITMENTS

At 31 December 1998, a subsidiary undertaking had agreed to pay a proportion of future profits earned from an investment, as deferred consideration, to former shareholders. The amount estimated by the directors, still to be paid, is approximately £35,000.

24. CLIENT MONIES	Group and Company 1998 £	Group and Company 1997 £
Clients bank accounts	2,322,156	1,145,464
Less: Liabilities to clients	(2,322,156)	(1,145,464)
	<hr/>	<hr/>
	£ -	£ -
	<hr/>	<hr/>
Value of clients' assets (other than money) in possession or held to order	£16,137,731	£13,315,692
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

## 25. OPERATING LEASE COMMITMENTS

At 31 December 1997 the group had annual commitments under non-cancellable operating leases as set out below.

	1998		1997	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year				
Within two to five years	-	8,444	-	8,444
Over five years	59,000	-	54,300	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 59,000	£ 8,444	£ 54,300	£ 8,444
	<hr/>	<hr/>	<hr/>	<hr/>

The commitment under the property lease commenced on 4 November 1994, and was subject to review on 4 November 1997. The company has the option to terminate the lease after ten years.

## 26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1998 £	Group 1997 £ restated	Company 1998 £	Company 1997 £
Profit/(loss) for the year	21,403	68,068	(4,455)	33,705
Dividends	-	(8,960)	-	(8,960)
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in shareholders' funds	21,403	59,108	(4,455)	24,745
Opening equity shareholders' funds (as restated for prior year adjustment (note 22))	175,831	116,723	138,438	113,693
	<hr/>	<hr/>	<hr/>	<hr/>
Closing equity shareholders' funds	£197,234	£175,831	£133,983	£138,438
	<hr/>	<hr/>	<hr/>	<hr/>

## 27. ULTIMATE CONTROLLING PARTY

The directors consider that the ultimate controlling party is P S Weinell

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

28. RECONCILIATION OF OPERATING PROFIT TO NET  
CASH (OUTFLOW) / INFLOW  
FROM OPERATING ACTIVITIES

	1998 £	1997 £ restated
Operating (loss) / profit	(170)	96,410
Depreciation	4,752	5,077
Amortisation	10,464	5,515
Decrease/(Increase) in debtors	26,474	33,265
(Decrease)/Increase in creditors	(73,025)	8,132
Increase/(Decrease) in provisions	(8,167)	7,889
	<hr/>	<hr/>
	£(39,672)	£156,288
	<hr/>	<hr/>

## 29. NOTES TO CASH FLOW

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	15,759	13,196
Interest paid	(1,296)	(4,418)
	<hr/>	<hr/>
	£ 14,463	£ 8,778
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire tangible fixed assets	(2,002)	(2,396)
Payments to acquire goodwill	(32,496)	(46,865)
Purchase of minority interests	(5,750)	-
	<hr/>	<hr/>
	£(40,248)	£(49,261)
	<hr/>	<hr/>
Financing		
Loan repaid	(1,842)	(1,623)
	<hr/>	<hr/>
	£ (1,842)	£ (1,623)
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

## 30. RECONCILIATION OF NET CASH TO CHANGE IN NET FUNDS

	At 1.1.98	Cash flows	Other changes	At 31.12.98
Cash and bank	213,412	(92,392)	-	121,020
Overdrafts	-	(747)	-	(747)
		<hr/>		
		(93,139)		
		<hr/>		
Debt due within one year	(2,040)	1,842	(649)	(847)
Debt due after one year	(649)	-	649	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	£210,723	£(91,297)	£ -	£119,426
	<hr/>	<hr/>	<hr/>	<hr/>