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BERKELEY INDEPENDENT ADVISERS LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1999



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BERKELEY INDEPENDENT ADVISERS LIMITED

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FOR THE YEAR ENDED 31ST MARCH 1999

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BERKELEY INDEPENDENT ADVISERS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 1999

DIRECTORS: C P Lockyer
B White
M J Banbury
K W Smith

SECRETARY: K W Smith

REGISTERED OFFICE: Berkeley House
Manor Road
Coventry
Warwickshire
CV1 2LH

REGISTERED NUMBER: 2472302 (England and Wales)

AUDITORS: Burman & Co
Chartered Accountants
Registered Auditors
Brunswick House
Birmingham Road
Redditch
Worcestershire B97 6DY

BERKELEY INDEPENDENT ADVISERS LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST MARCH 1999**

The directors present their report with the financial statements of the company for the year ended 31st March 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of consultancy in financial planning, investments, pensions and life assurance.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31st March 1999.

DIRECTORS

The directors during the year under review were:

C P Lockyer
B White
M J Banbury
K W Smith

The beneficial interests of the directors holding office on 31st March 1999 in the issued share capital of the company were as follows:

	31.3.99	1.4.98
Ordinary 10p shares		
C P Lockyer	962,500	-
B White	55,000	-
M J Banbury	55,000	-
K W Smith	-	-
Ordinary £1 shares		
C P Lockyer	-	899
B White	-	50
M J Banbury	-	50
K W Smith	-	-

CHARITABLE DONATIONS

The company made charitable donations amounting to £345.

BERKELEY INDEPENDENT ADVISERS LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 1999

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.

AUDITORS

The auditors, Burman & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



K W Smith - SECRETARY

Dated: 6th September 1999

BERKELEY INDEPENDENT ADVISERS LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
BERKELEY INDEPENDENT ADVISERS LIMITED

We have audited the financial statements on pages five to fourteen 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 three 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.

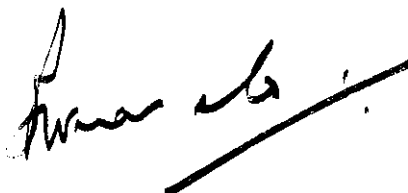
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Burman & Co
Chartered Accountants
Registered Auditors
Brunswick House
Birmingham Road
Redditch
Worcestershire

B97 6DY

Dated: 14th September 1999



BERKELEY INDEPENDENT ADVISERS LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST MARCH 1999

		31.3.99	31.3.98
	Notes	£	£
TURNOVER		18,447,642	19,511,503
Cost of sales		15,231,547	16,711,291
GROSS PROFIT		3,216,095	2,800,212
Administrative expenses		3,088,577	2,425,864
OPERATING PROFIT	3	127,518	374,348
Interest receivable and similar income		16,432	17,409
		143,950	391,757
Interest payable and similar charges	4	10,425	30,675
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		133,525	361,082
Tax on profit on ordinary activities	5	94,500	152,147
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		39,025	208,935
Dividends	6	-	63,619
		39,025	145,316
Retained profit brought forward		564,820	419,504
		603,845	564,820
Bonus share issue		(106,178)	-
RETAINED PROFIT CARRIED FORWARD		£497,667	£564,820

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.

The notes form part of these financial statements

BERKELEY INDEPENDENT ADVISERS LIMITED

BALANCE SHEET
31ST MARCH 1999

		31.3.99	31.3.98
	Notes	£	£
CURRENT ASSETS:			
Debtors	7	4,153,422	4,595,707
Cash at bank and in hand		244,966	268,364
		4,398,388	4,864,071
CREDITORS: Amounts falling due within one year	8	3,432,471	4,045,251
NET CURRENT ASSETS:		965,917	818,820
TOTAL ASSETS LESS CURRENT LIABILITIES:		965,917	818,820
PROVISIONS FOR LIABILITIES AND CHARGES:	10	261,000	253,000
		£704,917	£565,820
CAPITAL AND RESERVES:			
Called up share capital	11	108,350	1,000
Share premium	12	98,900	-
Profit and loss account		497,667	564,820
Shareholders' funds	15	£704,917	£565,820

ON BEHALF OF THE BOARD:



C P Lockyer - DIRECTOR

Approved by the Board on 6th September 1999

The notes form part of these financial statements

BERKELEY INDEPENDENT ADVISERS LIMITED**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31ST MARCH 1999

		31.3.99	31.3.98
	Notes	£	£
Net cash outflow from operating activities	1	(31,882)	(292,244)
Returns on investments and servicing of finance	2	6,007	(13,266)
Taxation		(213,175)	(149,098)
Equity dividends paid		(6,086)	(63,273)
		<u>(245,136)</u>	<u>(517,881)</u>
Financing	2	100,072	-
Decrease in cash in the period		<u>£(145,064)</u>	<u>£(517,881)</u>
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(145,064)</u>	<u>(517,881)</u>
Change in net funds resulting from cash flows		<u>(145,064)</u>	<u>(517,881)</u>
Movement in net funds in the period		<u>(145,064)</u>	<u>(517,881)</u>
Net funds at 1st April 1998		<u>267,243</u>	<u>785,124</u>
Net funds at 31st March 1999		<u>£122,179</u>	<u>£267,243</u>

The notes form part of these financial statements

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 1999

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31.3.99 £	31.3.98 £
Operating profit	127,518	374,348
Decrease/(Increase) in debtors	442,285	(890,474)
(Decrease)/Increase in creditors	(609,685)	162,382
Exceptional items	8,000	61,500
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u>(31,882)</u>	<u>(292,244)</u>

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

	31.3.99 £	31.3.98 £
Returns on investments and servicing of finance		
Interest received	16,432	17,409
Interest paid	(10,425)	(30,675)
	<u> </u>	<u> </u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>6,007</u>	<u>(13,266)</u>
 Financing		
Cash receipt re share issue	100,072	-
	<u> </u>	<u> </u>
Net cash inflow from financing	<u>100,072</u>	<u>-</u>

The notes form part of these financial statements

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 1999

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.98 £	Cash flow £	At 31.3.99 £
Net cash:			
Cash at bank and in hand	268,364	(23,398)	244,966
Bank overdraft	(1,121)	(121,666)	(122,787)
	<u>267,243</u>	<u>(145,064)</u>	<u>122,179</u>
 Total	 <u>267,243</u>	 <u>(145,064)</u>	 <u>122,179</u>
 Analysed in Balance Sheet			
 Cash at bank and in hand	 268,364		 244,966
Bank overdraft	(1,121)		(122,787)
	<u>267,243</u>		<u>122,179</u>

The notes form part of these financial statements

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents commissions and fees receivable, net of value added tax, in respect of financial services provided by the company.

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.

Pensions

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

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

2. STAFF COSTS

	31.3.99	31.3.98
	£	£
Wages and salaries	1,650,330	1,280,053
Social security costs	162,507	148,128
Other pension costs	67,652	45,092
	<u>1,880,489</u>	<u>1,473,273</u>

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

	31.3.99	31.3.98
Management	3	3
Administration	76	62
	<u>79</u>	<u>65</u>

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.99	31.3.98
	£	£
Equipment rental	26,143	17,080
Auditors' remuneration	18,326	14,400
Pension costs	67,652	45,092
	<u> </u>	<u> </u>

Directors' emoluments	<u>272,377</u>	<u>371,515</u>
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Information regarding the highest paid director is as follows:

	31.3.99	31.3.98
	£	£
Emoluments etc	<u>145,484</u>	<u>236,391</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.99	31.3.98
	£	£
Bank interest	<u>10,425</u>	<u>30,675</u>

5. TAXATION

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

	31.3.99	31.3.98
	£	£
UK corporation tax	94,500	126,000
Under provision in prior year	-	26,147
	<u>94,500</u>	<u>152,147</u>

UK corporation tax has been charged at 31% (1998 - 31%).

6. DIVIDENDS

	31.3.99	31.3.98
	£	£
Equity shares:		
Interim - ordinary £1 shares	-	57,533
Final - ordinary £1 shares	-	6,086
	<u>-</u>	<u>63,619</u>

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999

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

	31.3.99 £	31.3.98 £
Other debtors	1,250	-
Prepayments & accrued income	3,530,360	4,084,522
Amounts due from associated companies	621,812	511,185
	<u>4,153,422</u>	<u>4,595,707</u>

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

	31.3.99 £	31.3.98 £
Bank loans and overdrafts (see note 9)	122,787	1,121
Trade creditors	59,847	43,288
Amounts due to associated companies	18,600	-
Dividend proposed	-	6,086
V.A.T.	7,321	12,105
Social security & other taxes	62,142	37,286
Corporation tax	204,556	292,226
Advance corporation tax payable	12,936	43,941
Accruals and deferred income	2,944,282	3,609,198
	<u>3,432,471</u>	<u>4,045,251</u>

9. LOANS AND OVERDRAFTS

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

	31.3.99 £	31.3.98 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>122,787</u>	<u>1,121</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.99 £	31.3.98 £
Indemnity provision	<u>261,000</u>	<u>253,000</u>

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999

11. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.3.99 £	31.3.98 £
NIL (31.3.98 - 1,000)	Ordinary	£1	-	1,000
10,000,000	Ordinary	10p	1,000,000	-
			<u>1,000,000</u>	<u>1,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.99 £	31.3.98 £
NIL (31.3.98 - 1,000)	Ordinary	£1	-	1,000
1,083,500	Ordinary	10p	108,350	-
			<u>108,350</u>	<u>1,000</u>

During the year the company converted its £1 ordinary shares to 10p ordinary shares. It then increased its authorised share capital to 10,000,000 ordinary shares of 10p each.

The company issued 725 ordinary 10p shares under a rights issue and a further 1,061,775 ordinary 10p shares as a bonus issue to existing shareholders.

The company issued a further 11,000 ordinary 10p shares at a premium of £8.9909 per share.

12. SHARE PREMIUM

	31.3.99 £	31.3.98 £
Cash share issue	<u>98,900</u>	<u>-</u>

13. CONTINGENT LIABILITIES

Claims have been made against the company in which it has been alleged that incorrect advice relating to pension planning was given by the company's registered individuals.

If the claims against the company were successful, the amounts of those claims and the associated legal costs would fall within the company's professional indemnity insurance arrangements. Claims up to the excess amount stated within the relevant insurance policy would be payable by the company but recoverable from the registered individuals.

A contingent liability exists to the extent that some amounts relating to these claims may not be fully recoverable from the registered individuals. The directors consider, however, that any such amounts would be modest and not material in the context of the company's financial position.

BERKELEY INDEPENDENT ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999

14. RELATED PARTY DISCLOSURES

During the year the company paid commissions amounting to £418,020 (1998: £402,724) to Berkeley Financial Planning Limited under normal trading arrangements.

Berkeley Financial Planning Limited is a network member and has predominantly the same shareholders and directors as Berkeley Independent Advisers Limited.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.99	31.3.98
	£	£
Profit for the financial year	39,025	208,935
Dividends	-	(63,619)
	<hr/>	<hr/>
	39,025	145,316
Issue of shares	100,072	-
	<hr/>	<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS	139,097	145,316
Opening shareholders' funds	565,820	420,504
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	704,917	565,820
	<hr/>	<hr/>
Equity interests	704,917	565,820
	<hr/>	<hr/>