

Registration number 2960433

**C F S Independent Ltd**

**Directors' report and financial statements**

**for the year ended 31 March 2003**



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## **C F S Independent Ltd**

### **Company information**

Directors	A.O. Harwood S.H. Harwood
Secretary	S.H. Harwood
Company number	2960433
Registered office	2 Fisher Street London WC1R 4QA
Business address	2 Fisher Street London WC1R 4QA

# **C F S Independent Ltd**

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# **C F S Independent Ltd**

## **Directors' report for the year ended 31 March 2003**

The directors present their report and the financial statements for the year ended 31 March 2003.

### **Principal activity and review of the business**

The principal activity of the company during the year under review was that of the provision of investment advice.

### **Results and dividends**

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £19,000 and they do not recommend payment of a final dividend.

### **Post balance sheet events**

On 25 November 2003 the company issued 70,000 additional £1 ordinary shares having increased its share capital to 500,000 £1 ordinary shares on that date. This involved capitalisation of the £70,000 directors' subordinated loan shown in the balance sheet at 31 March 2003.

### **Directors and their interests**

The directors who served during the year and their interests in the company are as stated below:

	<b>Ordinary shares</b>	
	<b>31/03/03</b>	<b>01/04/02</b>
A.O. Harwood	500	500
S.H. Harwood	500	500

### **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 the affairs of the company and of the profit or loss of the company for that year. In preparing these 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 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.

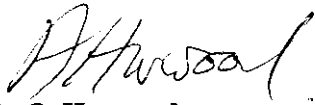
### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Leapman Weiss be reappointed as auditors of the company will be put to the Annual General Meeting.

**C F S Independent Ltd**

**Directors' report  
for the year ended 31 March 2003**

This report was approved by the Board on 1 April 2004 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A. O. Harwood', written in a cursive style.

**A. O. Harwood  
Director**

## **C F S Independent Ltd**

### **Independent auditors' report to the shareholders of C F S Independent Ltd**

We have audited the financial statements of C F S Independent Ltd for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

## **C F S Independent Ltd**

### **Independent auditors' report to the shareholders of C F S Independent Ltd continued**

#### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning investment business compliance matters and the renewal of professional indemnity insurance. The Managing Director has made representations indicating that the company will be able to continue in operation after a substantial personal guarantee has been put in place. Details of the fundamental uncertainty are described in note 21. Our opinion is not qualified in this respect.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Leapman Weiss**  
**Registered auditors**  
**1 April 2004**

**1st Floor Hillside House**  
**2-6 Friern Park**  
**London N12 9BT**

**C F S Independent Ltd**

**Profit and loss account  
for the year ended 31 March 2003**

		<b>Continuing operations</b>	
		<b>2003</b>	<b>2002</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	276,336	443,810
Administrative expenses		(290,215)	(344,358)
<b>Operating (loss)/profit</b>	<b>3</b>	(13,879)	99,452
Investment income	<b>4</b>	(51)	1,981
Other interest receivable and similar income	<b>6</b>	222	284
Amount written off investments	<b>5</b>	(15,000)	(26,781)
Interest payable and similar charges	<b>7</b>	(1,043)	(243)
<b>(Loss)/profit on ordinary activities before taxation</b>		(29,751)	74,693
Tax on (loss)/profit on ordinary activities	<b>10</b>	3,783	(22,964)
<b>(Loss)/profit on ordinary activities after taxation</b>		(25,968)	51,729
Dividends	<b>11</b>	(19,000)	(48,639)
<b>(Loss)/retained profit for the year</b>		(44,968)	3,090
Retained profit brought forward		53,768	50,678
<b>Retained profit carried forward</b>		<u>8,800</u>	<u>53,768</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

**The notes on pages 8 to 19 form an integral part of these financial statements.**

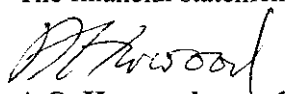


**C F S Independent Ltd**

**Balance sheet  
as at 31 March 2003**

		2003		2002	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		5,947		3,160
<b>Current assets</b>					
Debtors	13	5,561		3,123	
Investments	14	40,169		57,057	
Cash at bank and in hand		61,489		30,728	
		<u>107,219</u>		<u>90,908</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(33,366)</u>		<u>(39,300)</u>	
<b>Net current assets</b>			<u>73,853</u>		<u>51,608</u>
<b>Total assets less current liabilities</b>			79,800		54,768
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(70,000)</u>		<u>-</u>
<b>Net assets</b>			<u>9,800</u>		<u>54,768</u>
<b>Capital and reserves</b>					
Called up share capital	17		1,000		1,000
Profit and loss account			8,800		53,768
<b>Equity shareholders' funds</b>	18		<u>9,800</u>		<u>54,768</u>

The financial statements were approved by the Board on 1 April 2004 and signed on its behalf by

  
A.O. Harwood  
Director

The notes on pages 8 to 19 form an integral part of these financial statements.

**C F S Independent Ltd**

**Cash flow statement  
for the year ended 31 March 2003**

	Notes	2003 £	2002 £
Operating (loss)/profit		(13,879)	99,452
Depreciation		2,692	14,268
Decrease / (increase) in debtors		1,359	(2,016)
Increase / (decrease) in creditors		8,672	(3,897)
<b>Net cash outflow from operating activities</b>		(1,156)	107,807
<b>Cash flow statement</b>			
Net cash outflow from operating activities		(1,156)	107,807
Returns on investments and servicing of finance	22	(821)	41
Taxation	22	(21,434)	(3,712)
Capital expenditure	22	(5,479)	(2,331)
		(28,890)	101,805
Equity dividends paid		(19,000)	(48,639)
		(47,890)	53,166
Management of liquid resources	22	1,837	(30,474)
Financing	22	70,000	-
<b>Increase in cash in the year</b>		23,947	22,692
<b>Reconciliation of net cash flow to movement in net funds (Note 23)</b>			
<b>Increase in cash in the year</b>		23,947	22,692
Cash inflow from decrease in debts and lease financing		(70,000)	-
Cash outflow from increase in liquid resources		(16,888)	5,674
Change in net resulting from cash flows		(62,941)	28,366
<b>Net funds at 1 April 2002</b>		78,483	50,117
<b>Net funds at 31 March 2003</b>		15,542	78,483

## **C F S Independent Ltd**

### **Notes to the financial statements for the year ended 31 March 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 25%- 33% straight line
-------------------------------------	--------------------------

##### **1.4. Investments**

Current asset investments are at the lower of cost and net realisable value.

##### **1.5. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

##### **1.6. Deferred taxation**

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

Prior to the adoption of FRS 19, the company provided for deferred taxation only to the extent that timing differences were expected to materialise in the foreseeable future. The adoption of the new policy is made by way of a prior year adjustment as though the revised policy had always been applied except, as in this instance, where the item is not material.

#### **2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

<b>3. Operating (loss)/profit</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	2,692	14,268
Auditors' remuneration	3,000	750
	<u>          </u>	<u>          </u>
<b>4. Income from investments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on disposal of investments	(51)	1,981
	<u>          </u>	<u>          </u>
<b>5. Amounts written off investments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts written off current asset investments	15,000	26,781
	<u>          </u>	<u>          </u>
<b>6. Interest receivable and similar income</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank interest	222	284
	<u>          </u>	<u>          </u>
<b>7. Interest payable and similar charges</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	37	14
On loans repayable between two and five years	1,006	229
	<u>          </u>	<u>          </u>
	1,043	243
	<u>          </u>	<u>          </u>

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

**8. Employees**

**Number of employees**

The average monthly numbers of employees  
(including the directors) during the year were:

	<b>2003</b>	<b>2002</b>
Financial services and mangement	3	3
Administration	2	2
	<u>5</u>	<u>5</u>

**Employment costs**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	150,352	167,647
Social security costs	15,160	16,190
Other pension costs	4,579	1,931
	<u>170,091</u>	<u>185,768</u>

**8.1. Directors' emoluments**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	<u>41,004</u>	<u>47,883</u>

**9. Pension costs**

The company operates a defined contribution Stakeholder pension scheme in respect of the certain directors and staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £4,579 (2002 - £1,931).

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

**10. Tax on (loss)/profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Current tax</b>		
UK corporation tax	(3,797)	21,420
Prior period adjustments	14	1,544
	<u>(3,783)</u>	<u>22,964</u>
Total current tax charge	<u>(3,783)</u>	<u>22,964</u>
Tax on profit on ordinary activities	<u>(3,783)</u>	<u>22,964</u>

**Factors affecting tax charge for period**

The tax refund relates to loss relief carried back to the previous year and is based on the standard tax rate of 20% for the previous year, as adjusted for taxation and accounting timing differences, that are not judged material to the accounts as a whole. Therefore no further analysis of tax timing differences is given in this note.

**11. Dividends**

	<b>2003 £</b>	<b>2002 £</b>
<b>Dividends on equity shares:</b>		
Ordinary shares - interim paid	<u>19,000</u>	<u>48,639</u>

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

12. Tangible fixed assets	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 April 2002	51,966	51,966
Additions	5,479	5,479
At 31 March 2003	57,445	57,445
<b>Depreciation</b>		
At 1 April 2002	48,806	48,806
Charge for the year	2,692	2,692
At 31 March 2003	51,498	51,498
<b>Net book values</b>		
At 31 March 2003	5,947	5,947
At 31 March 2002	3,160	3,160
13. Debtors	2003 £	2002 £
Other debtors	5,220	3,123
Prepayments and accrued income	341	-
	5,561	3,123
14. Current asset investments	2003 £	2002 £
Other unlisted investments	-	18,888
Listed investments	40,169	38,169
	40,169	57,057
Market valuation of listed investments	41,351	40,282
Directors' valuation of unlisted investments	-	13,888

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

<b>15. Creditors: amounts falling due within one year</b>	<b>2003 £</b>	<b>2002 £</b>
Bank overdraft	16,116	9,302
Corporation tax	-	21,420
Other taxes and social security costs	4,149	-
Other creditors	1,307	4,578
Accruals and deferred income	11,794	4,000
	<u>33,366</u>	<u>39,300</u>
<b>16. Creditors: amounts falling due after more than one year</b>	<b>2003 £</b>	<b>2002 £</b>
Subordinated director's loan	<u>70,000</u>	<u>-</u>
<b>17. Share capital</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Authorised equity</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid equity</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>18. Reconciliation of movements in shareholders' funds</b>	<b>2003 £</b>	<b>2002 £</b>
(Loss)/profit for the year	(25,968)	51,729
Dividends	(19,000)	(48,639)
	<u>(44,968)</u>	<u>3,090</u>
Opening shareholders' funds	54,768	51,678
Closing shareholders' funds	<u>9,800</u>	<u>54,768</u>
<b>19. Related party transactions</b>		
During the year the company paid rent on its premises totalling £24,915 (2002 - £24,915) to Mr A. Harwood, the Managing Director.		



## **C F S Independent Ltd**

### **Notes to the financial statements for the year ended 31 March 2003**

..... continued

#### **20. Controlling interest**

The company was controlled throughout the year by its two directors.

#### **21. Post balance sheet events**

On 25 November 2003 the company issued 70,000 additional £1 ordinary shares having increased its share capital to 500,000 £1 ordinary shares on that date. This involved capitalisation of the £70,000 directors' subordinated loan shown in the balance sheet at 31 March 2003.

In November 2002, the company obtained FSA authorisation to carry out discretionary management business for clients. Since the balance sheet date a compliance review has been conducted by the FSA that has resulted in a 'skilled persons report'. Issues concerning this review are ongoing but the directors are satisfied that the measures that have been taken and which have been communicated to the FSA will not have a material effect on the business's capability to continue discretionary management business for clients. This has involved the injection of private funds to meet the necessary additional compliance costs as well as a reorganisation of compliance procedures.

The company has requested a waiver from professional indemnity insurance from the Financial Services Authority as this is currently unavailable. Negotiations are in progress whereby the Managing Director has agreed to provide a £150,000 personal guarantee supported by a bank guarantee in this respect. In spite of the inherent fundamental uncertainty concerning professional indemnity insurance, the Managing Director, Mr Andrew Harwood, has made representations that indicate that he has sufficient financial resources to support the aforementioned personal guarantee.

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

**22. Gross cash flows**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	222	284
Interest paid	(1,043)	(243)
	<u>(821)</u>	<u>41</u>
<b>Taxation</b>		
Corporation tax paid	(21,434)	(3,712)
	<u></u>	<u></u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(5,479)	(2,331)
	<u></u>	<u></u>
<b>Management of Liquid Resources</b>		
Receipts from sales of short term investments	3,837	19,651
Payments to acquire short term investments	(2,000)	(50,125)
	<u>1,837</u>	<u>(30,474)</u>
<b>Financing</b>		
Other new long term loans	70,000	-
	<u></u>	<u></u>

**C F S Independent Ltd**

**Notes to the financial statements  
for the year ended 31 March 2003**

..... continued

**23. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	30,728	30,761	61,489
Overdrafts	(9,302)	(6,814)	(16,116)
	<u>21,426</u>	<u>23,947</u>	<u>45,373</u>
Current asset investments	57,057	(16,888)	40,169
Debt due after one year	-	(70,000)	(70,000)
	<u>78,483</u>	<u>(62,941)</u>	<u>15,542</u>
<b>Net funds</b>			