

Registration number 2960433

C F S Independent Ltd

Director's report and financial statements

for the year ended 31 March 2004



C F S Independent Ltd

Company information

Directors	A.O. Harwood S.H. Harwood (resigned at 7th July 2004)
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

Director's report for the year ended 31 March 2004

The director presents this report and the financial statements for the year ended 31 March 2004.

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 4.

The directors have paid an interim dividend amounting to £7,500 and they do not recommend payment of a final dividend.

Directors and their interests

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

	Ordinary shares	
	31/03/04	01/04/03
A.O. Harwood	35,500	500
S.H. Harwood	35,500	500

Director's responsibilities

Company law requires the director 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 director is 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 director is 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 is 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.

This report was approved by the Board on 26 July 2004 and signed on its behalf by


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 2004 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 director and auditors

As described in the statement of director's responsibilities the company's director is 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 director 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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

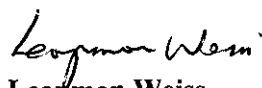
Independent auditors' report to the shareholders of C F S Independent Ltd continued

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 the professional indemnity insurance. The Managing Director has made representations that the company will be able to continue in operation following a substantial injection of funds totalling £165,000 after the year end. Details of the fundamental uncertainty are described in note 22. 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 2004 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
26 July 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 2004**

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	253,769	276,336
Administrative expenses		(298,097)	(290,215)
Operating loss	3	(44,328)	(13,879)
Investment income	4	13,005	(51)
Other interest receivable and similar income	6	708	222
Amount written off investments	5	-	(15,000)
Interest payable and similar charges	7	(31)	(1,043)
Loss on ordinary activities before taxation		(30,646)	(29,751)
Tax on loss on ordinary activities	10	-	3,783
Loss on ordinary activities after taxation		(30,646)	(25,968)
Dividends	11	(7,500)	(19,000)
Loss for the year		(38,146)	(44,968)
Retained profit brought forward		8,800	53,768
Accumulated (loss)/profit carried forward		(29,346)	8,800

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

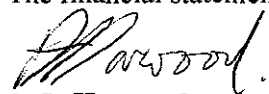
The notes on pages 7 to 14 form an integral part of these financial statements.

C F S Independent Ltd

**Balance sheet
as at 31 March 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		5,636		5,947
Current assets					
Debtors	13	15,211		5,561	
Investments	14	38,384		40,169	
Cash at bank and in hand		7,609		61,489	
		<u>61,204</u>		<u>107,219</u>	
Creditors: amounts falling due within one year	15	<u>(25,186)</u>		<u>(33,366)</u>	
Net current assets			<u>36,018</u>		<u>73,853</u>
Total assets less current liabilities			41,654		79,800
Creditors: amounts falling due after more than one year	16		-		(70,000)
Net assets			<u>41,654</u>		<u>9,800</u>
Capital and reserves					
Called up share capital	17		71,000		1,000
Profit and loss account			<u>(29,346)</u>		<u>8,800</u>
Equity shareholders' funds	18		<u>41,654</u>		<u>9,800</u>

The financial statements were approved by the Board on 26 July 2004 and signed on its behalf by



A.O. Harwood
Director

The notes on pages 7 to 14 form an integral part of these financial statements.

C F S Independent Ltd

**Cash flow statement
for the year ended 31 March 2004**

	Notes	2004 £	2003 £
Operating loss		(44,328)	(13,879)
Depreciation		2,919	2,692
(Increase) / decrease in debtors		(9,650)	1,359
(Decrease) / increase in creditors		(1,131)	8672
Net cash outflow from operating activities		(52,190)	(1,156)
Cash flow statement			
Net cash outflow from operating activities		(52,190)	(1,156)
Returns on investments and servicing of finance	23	677	(821)
Taxation	22	-	(21,434)
Capital expenditure	23	(2,608)	(5,479)
		(54,121)	(28,890)
Equity dividends paid		(7,500)	(19,000)
		(61,621)	(47,890)
Management of liquid resources	23	14,790	1,837
Financing	23	-	70,000
Increase in cash in the year		(46,831)	23,947
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		(46,831)	23,947
Cash inflow from decrease in debts and lease financing		70,000	(70,000)
Cash inflow from decrease in liquid resources		(1,785)	(16,888)
Change in net resulting from cash flows		21,384	(62,941)
Net funds at 1 April 2003		15,542	78,483
Net funds at 31 March 2004		36,926	15,542

C F S Independent Ltd

Notes to the financial statements for the year ended 31 March 2004

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

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

2. Turnover

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

3. Operating loss

	2004	2003
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	2,919	2,692
Auditors' remuneration	3,000	3,000

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

4. Income from investments	2004	2003
	£	£
Profit/(loss) on disposal of investments	<u>13,005</u>	<u>(51)</u>
5. Amounts written off investments	2004	2003
	£	£
Amounts written off current asset investments	<u>-</u>	<u>15,000</u>
6. Interest receivable and similar income	2004	2003
	£	£
Bank interest	<u>708</u>	<u>222</u>
7. Interest payable and similar charges	2004	2003
	£	£
On bank loans and overdrafts	31	37
On loans repayable between two and five years	-	1,006
	<u>31</u>	<u>1,043</u>

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

8. Employees

Number of employees

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

	2004	2003
Financial services and mangement	3	3
Administration	2	2
	<u>5</u>	<u>5</u>

Employment costs

	2004	2003
	£	£
Wages and salaries	137,831	150,352
Social security costs	14,630	15,160
Other pension costs	4,654	4,579
	<u>157,115</u>	<u>170,091</u>

8.1. Directors' emoluments

	2004	2003
	£	£
Remuneration and other emoluments	<u>41,004</u>	<u>41,004</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 £4,654 (2003 - £4,579).

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

10. Tax on loss on ordinary activities

Analysis of charge in period	2004	2003
	£	£
Current tax		
UK corporation tax	-	(3,797)
Adjustments in respect of previous periods	-	14
	<u>-</u>	<u>(3,783)</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2004	2003
	£	£
Loss on ordinary activities before taxation	<u>(30,646)</u>	<u>(29,751)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 March 2003 : 19%)	(5,823)	(5,653)
Effects of:		
Expenses not deductible for tax purposes	49	2,698
Capital allowances for period in excess of depreciation	(248)	(842)
Adjustments to tax charge in respect of previous periods	-	14
Trading losses carried forward (at 19%)	6,022	-
Corporation Tax repayment	<u>-</u>	<u>(3,783)</u>

11. Dividends

	2004	2003
	£	£
Dividends on equity shares:		
Ordinary shares - interim paid	<u>7,500</u>	<u>19,000</u>

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

12. Tangible fixed assets	Fixtures, fittings and equipment £	Total £
Cost		
At 1 April 2003	57,445	57,445
Additions	2,608	2,608
At 31 March 2004	<u>60,053</u>	<u>60,053</u>
Depreciation		
At 1 April 2003	51,498	51,498
Charge for the year	2,919	2,919
At 31 March 2004	<u>54,417</u>	<u>54,417</u>
Net book values		
At 31 March 2004	<u>5,636</u>	<u>5,636</u>
At 31 March 2003	<u>5,947</u>	<u>5,947</u>

13. Debtors	2004 £	2003 £
Trade debtors	2,939	-
Other debtors	10,672	5,220
Prepayments and accrued income	1,600	341
	<u>15,211</u>	<u>5,561</u>

14. Current asset investments	2004 £	2003 £
Listed investments	<u>38,384</u>	<u>40,169</u>
Market valuation of listed investments	<u>51,860</u>	<u>41,351</u>
Director's valuation of unlisted investments	<u>-</u>	<u>-</u>

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

15. Creditors: amounts falling due within one year	2004	2003
	£	£
Bank overdraft	9,067	16,116
Other taxes and social security costs	4,200	4,149
Other creditors	-	1,307
Accruals and deferred income	11,919	11,794
	<u>25,186</u>	<u>33,366</u>
 16. Creditors: amounts falling due after more than one year	 2004	 2003
	£	£
Subordinated director's loan	-	70,000
	<u>-</u>	<u>70,000</u>
 17. Share capital	 2004	 2003
	£	£
Authorised equity		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
 Allotted, called up and fully paid equity		
71,000 Ordinary shares of £1 each	<u>71,000</u>	<u>1,000</u>
 18. Reconciliation of movements in shareholders' funds	 2004	 2003
	£	£
Loss for the year	(30,646)	(25,968)
Dividends	(7,500)	(19,000)
	<u>(38,146)</u>	<u>(44,968)</u>
Net proceeds of equity share issue	70,000	-
Net addition to shareholders' funds	31,854	(44,968)
Opening shareholders' funds	9,800	54,768
Closing shareholders' funds	<u>41,654</u>	<u>9,800</u>

C F S Independent Ltd

Notes to the financial statements for the year ended 31 March 2004

..... continued

19. Contingent liabilities

Several claims have been initiated by clients against the company where the outcome is uncertain and no liability has been established. The company's director maintains that it is unlikely that payments will have to be made in respect of these. However, there is a contingent liability of up to £10,000 in respect of one of these claims based on a shortfall on an investment claimed by a client. Another claim, in respect of an alleged pension fund deficiency that a client maintains is the company's fault, is strongly contested by the director who maintains that the claim is without foundation. No reasonable amount has been quantified by the claimant in this regard. A further claim has been made by a another client in respect of a loss of tax relief that has not been quantified and that the company considers to be spurious. As referred to in the note on post balance sheet events, the company does not currently have professional indemnity insurance, but is relying on a waiver from the FSA that it expects to be forthcoming very shortly. This is in view of a substantial injection of new share capital and a subordinated loan after the year-end, totalling £165,000. However, any claims against the company that are not covered by insurance would have to be met by the company. The extent of any such contingent liability over £10,000, although considered by the director to be remote, cannot be quantified.

20. Related party transactions

During the year the company paid rent on its premises totalling £21,987 (2003 - £24,915) to Mr A. Harwood, the Managing Director.

21. Controlling interest

The company was controlled throughout the year by the director and a close family member.

22. Post balance sheet events

In order to try to satisfy the financial resources requirement, after the year-end, sums totalling £165,000 have been introduced by the shareholders and the director. £50,000 of this has been in the form of additional share capital and £115,000 in the form of a subordinated loan.

C F S Independent Ltd

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

23. Gross cash flows

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest received	708	222
Interest paid	(31)	(1,043)
	<u>677</u>	<u>(821)</u>
Taxation		
Corporation tax paid	<u>-</u>	<u>(21,434)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(2,608)</u>	<u>(5,479)</u>
Management of Liquid Resources		
Receipts from sales of short term investments	46,173	3,837
Payments to acquire short term investments	(31,383)	(2,000)
	<u>14,790</u>	<u>1,837</u>
Financing		
Issue of ordinary share capital	70,000	
Other new long term loans	(70,000)	70,000
	<u>-</u>	<u>70,000</u>

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	61,489	(53,880)	7,609
Overdrafts	(16,116)	7,049	(9,067)
	<u>45,373</u>	<u>(46,831)</u>	<u>(1,458)</u>
Current asset investments	40,169	(1,785)	38,384
Debt due after one year	(70,000)	70,000	-
Net funds	<u>15,542</u>	<u>21,384</u>	<u>36,926</u>

C F S Independent Ltd

The following pages do not form part of the statutory accounts.

C F S Independent Ltd

Administrative expenses for the year ended 31 March 2004

	2004	2003
	£	£
Administrative expenses		
Wages and salaries	96,827	109,348
Directors' remuneration	41,004	41,004
Employer's NI contributions	14,630	15,160
Staff money purchase pension costs	4,654	4,579
Ex-gratia compensation payments to staff	-	2,250
Staff training	862	2,027
Rent payable	21,987	24,915
Rates	6,549	6,446
Recruitment expenses	-	3,180
Insurance	3,616	14,692
Cleaning	2,148	2,466
Repairs and maintenance	1,726	755
Printing, postage and stationery	8,482	10,861
Advertising	-	1,000
Telephone	3,718	5,147
Computer costs	9,308	9,314
Hire of equipment	2,345	2,729
Travelling and subsistence	305	445
Entertaining	148	-
Settlement of client claims	-	5,000
Legal and professional	53,209	7,502
Administration fees	121	-
Consultancy fees	4,855	4,739
Accountancy	1,364	691
Bookkeeping fees	6,678	6,033
Audit	3,000	3,000
Bank charges	676	449
Credit card charges	201	-
General expenses	1,074	1,222
Charitable donations - other	12	150
Books and subscriptions	5,679	2,419
Depreciation on FF & Equipment	2,919	2,692
	<u>298,097</u>	<u>290,215</u>

C F S Independent Ltd

**Detailed trading and profit and loss account
for the year ended 31 March 2004**

	2004		2003	
	£	£	£	£
Sales				
Commissions receivable		127,733		255,795
Fees receivable		126,036		20,541
		<u>253,769</u>		<u>276,336</u>
Administrative expenses	<u>298,097</u>		<u>290,215</u>	
		(298,097)		(290,215)
Operating loss	17%	(44,328)	5%	(13,879)
Other income and expenses				
Income from investments				
Profit / (Loss) on disposal of investments	<u>13,005</u>		<u>(51)</u>	
		13,005		(51)
Interest receivable				
Bank deposit interest	<u>708</u>		<u>222</u>	
		708		222
Amount written off investments		-		(15,000)
Interest payable				
Bank interest	31		37	
Interest on loans repayable in less than 5 years	<u>-</u>		<u>1,006</u>	
		(31)		(1,043)
Net loss for the year		<u>(30,646)</u>		<u>(29,751)</u>