

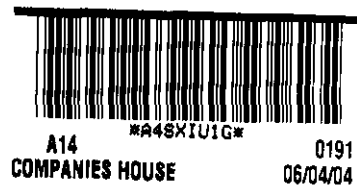
Registration number 2960433

AMENDED ACCOUNTS

C F S Independent Limited

Directors' report and financial statements

for the year ended 31 March 2002



## **C F S Independent Limited**

### **Company information**

Directors	A.O. Harwood S.H. Harwood
Secretary	S. H. Harwood
Company number	2960433
Registered office	2 Fisher Street London WC1R 4QA
Auditors	Leapman Weiss 1st Floor, Hillside House 2-6 Friern Park London N12 9BT
Business address	2 Fisher Street London WC1R 4QA

## **C F S Independent Limited**

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## **C F S Independent Limited**

### **Directors' report for the year ended 31 March 2002**

The directors present their report and the financial statements for the year ended 31 March 2002.

#### **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 £48,639 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:

	<b>Ordinary shares</b>	
	<b>31/03/02</b>	<b>01/04/01</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**

Leapman Weiss were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

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



**A. O. Harwood**  
**Director**

## **C F S Independent Limited**

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

We have audited the financial statements of C F S Independent Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement 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 Limited**

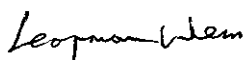
### **Independent auditors' report to the shareholders of C F S Independent Limited continued**

#### **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 20. 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Leapman Weiss**  
**Chartered Accountants and**  
**Registered auditors**  
**1 April 2004**

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

**C F S Independent Limited**

**Profit and loss account  
for the year ended 31 March 2002**

		<b>Continuing operations</b>	
		<b>2002</b>	<b>2001</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	443,810	402,902
Administrative expenses		(344,358)	(388,037)
<b>Operating profit</b>	<b>3</b>	99,452	14,865
Investment income	<b>4</b>	1,981	(5,573)
Other interest receivable and similar income	<b>6</b>	284	257
Amount written off investments	<b>5</b>	(26,781)	-
Interest payable and similar charges	<b>7</b>	(243)	-
<b>Profit on ordinary activities before taxation</b>		74,693	9,549
Tax on profit on ordinary activities	<b>10</b>	(22,964)	360
<b>Profit on ordinary activities after taxation</b>		51,729	9,909
Dividends	<b>11</b>	(48,639)	-
<b>Retained profit for the year</b>		3,090	9,909
Retained profit brought forward		50,678	40,769
<b>Retained profit carried forward</b>		<u>53,768</u>	<u>50,678</u>

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 Limited**

**Balance sheet  
as at 31 March 2002**

		<b>2002</b>		<b>2001</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>12</b>		3,160		15,097
<b>Current assets</b>					
Debtors	<b>13</b>	3,123		1,107	
Investments	<b>14</b>	57,057		51,383	
Cash at bank and in hand		30,728		4,084	
		<u>90,908</u>		<u>56,574</u>	
<b>Creditors: amounts falling due within one year</b>	<b>15</b>	<u>(39,300)</u>		<u>(19,993)</u>	
<b>Net current assets</b>			51,608		36,581
<b>Net assets</b>			<u>54,768</u>		<u>51,678</u>
<b>Capital and reserves</b>					
Called up share capital	<b>16</b>		1,000		1,000
Profit and loss account			53,768		50,678
<b>Equity shareholders' funds</b>	<b>17</b>		<u>54,768</u>		<u>51,678</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 7 to 14 form an integral part of these financial statements.**



**C F S Independent Limited**

**Cash flow statement  
for the year ended 31 March 2002**

	Notes	2002 £	2001 £
Operating profit		99,452	14,865
Depreciation		14,268	13,570
Increase in debtors		(2,016)	-
Decrease in creditors		(3,897)	(13,027)
<b>Net cash inflow from operating activities</b>		<u>107,807</u>	<u>15,408</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		107,807	15,408
Returns on investments and servicing of finance	21	41	257
Taxation	21	(3,712)	163
Capital expenditure	21	(2,331)	-
		<u>101,805</u>	<u>15,828</u>
Equity dividends paid		(48,639)	-
		<u>53,166</u>	<u>15,828</u>
Management of liquid resources	21	(30,474)	(9,931)
<b>Increase in cash in the year</b>		<u>22,692</u>	<u>5,897</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 22)</b>			
<b>Increase in cash in the year</b>		22,692	5,897
Cash outflow from increase in liquid resources		5,674	2,465
Change in net funds resulting from cash flows		28,366	8,362
<b>Net funds at 1 April 2001</b>		<u>50,117</u>	<u>41,755</u>
<b>Net funds at 31 March 2002</b>		<u>78,483</u>	<u>50,117</u>

# C F S Independent Limited

## Notes to the financial statements for the year ended 31 March 2002

### 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.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

#### 1.6. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

### 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 profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	14,268	13,570
Auditors' remuneration	750	4,156

**C F S Independent Limited**

**Notes to the financial statements  
for the year ended 31 March 2002**

..... continued

<b>4. Income from investments</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on disposal of investments	<u>1,981</u>	<u>(5,573)</u>
<b>5. Amounts written off investments</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts written off current asset investments	<u>26,781</u>	<u>-</u>
<b>6. Interest receivable and similar income</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank interest	284	237
Other interest	-	20
	<u>284</u>	<u>257</u>
<b>7. Interest payable and similar charges</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Interest payable on loans < 1 yr	<u>243</u>	<u>-</u>

# C F S Independent Limited

## Notes to the financial statements for the year ended 31 March 2002

..... continued

### 8. Employees

<b>Number of employees</b>	<b>2002</b>	<b>2001</b>
The average monthly numbers of employees (including the directors) during the year were:		
Financial services and mangement	3	3
Administration	2	4
	<u>5</u>	<u>7</u>

<b>Employment costs</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Wages and salaries	167,647	222,087
Social security costs	16,190	22,000
Other pension costs	1,931	32,536
	<u>185,768</u>	<u>276,623</u>

<b>8.1. Directors' emoluments</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	47,883	81,000
Pension contributions	-	27,782
	<u>47,883</u>	<u>108,782</u>

	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>-</u>	<u>1</u>

### 9. Pension costs

The company operates a defined contribution pension scheme in respect of 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 £1,931 (2001 - £32,536).

**C F S Independent Limited**

**Notes to the financial statements  
for the year ended 31 March 2002**

..... continued

**10. Tax on profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	21,420	3,581
Adjustments in respect of previous periods	1,544	(3,941)
	<u>22,964</u>	<u>(360)</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 (20 per cent). The differences are explained below:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>74,693</u>	<u>9,549</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (31 March 2001 : 20%)	14,939	1,910
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,404	1,115
Capital allowances for period in excess of depreciation	1,470	1,269
Adjustments to tax charge in respect of previous periods	1,547	(3,941)
Capital Losses B/Fwd	(396)	-
Adjustment to reduce tax charge to marginal starting rate	-	(713)
Current tax charge for period	<u>22,964</u>	<u>(360)</u>

**11. Dividends**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Dividends on equity shares:</b>		
Ordinary shares - interim paid	<u>48,639</u>	<u>-</u>

**C F S Independent Limited**

**Notes to the financial statements  
for the year ended 31 March 2002**

..... continued

<b>12. Tangible fixed assets</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2001	49,635	49,635
Additions	2,331	2,331
At 31 March 2002	<u>51,966</u>	<u>51,966</u>
<b>Depreciation</b>		
At 1 April 2001	34,538	34,538
Charge for the year	14,268	14,268
At 31 March 2002	<u>48,806</u>	<u>48,806</u>
<b>Net book values</b>		
At 31 March 2002	<u>3,160</u>	<u>3,160</u>
At 31 March 2001	<u>15,097</u>	<u>15,097</u>
<b>13. Debtors</b>	<b>2002 £</b>	<b>2001 £</b>
Other debtors	<u>3,123</u>	<u>1,107</u>
<b>14. Current asset investments</b>	<b>2002 £</b>	<b>2001 £</b>
Other unlisted investments	18,888	17,670
Listed investments	38,169	33,713
	<u>57,057</u>	<u>51,383</u>
Market valuation of listed investments	<u>40,282</u>	<u>33,716</u>
Directors' valuation of unlisted investments	<u>13,888</u>	<u>17,670</u>

**C F S Independent Limited**

**Notes to the financial statements  
for the year ended 31 March 2002**

..... continued

<b>15. Creditors: amounts falling due within one year</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank overdraft	9,302	5,350
Corporation tax	21,420	2,168
Other taxes and social security costs	4,578	5,401
Accruals and deferred income	4,000	7,074
	<u>39,300</u>	<u>19,993</u>

<b>16. Share capital</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

<b>17. Reconciliation of movements in shareholders' funds</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit for the year	51,729	9,909
Dividends	(48,639)	-
	<u>3,090</u>	<u>9,909</u>
Opening shareholders' funds	51,678	41,769
Closing shareholders' funds	<u>54,768</u>	<u>51,678</u>

**18. Transactions with directors**

During the year, the company paid rent on its premises totalling £24,915 (2001- £23,505) to Mr A. Harwood, the Managing Director.

**19. Controlling interest**

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

# C F S Independent Limited

## Notes to the financial statements for the year ended 31 March 2002

..... continued

### 20. Post balance sheet events

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.

### 21. Gross cash flows

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	284	257
Interest paid	(243)	-
	<u>41</u>	<u>257</u>
<b>Taxation</b>		
Corporation tax paid	(3,712)	-
Corporation tax repaid	-	163
	<u>(3,712)</u>	<u>163</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	<u>(2,331)</u>	<u>-</u>
<b>Management of Liquid Resources</b>		
Receipts from sales of short term investments	19,651	1,962
Payments to acquire short term investments	(50,125)	(11,893)
	<u>(30,474)</u>	<u>9,931</u>



**C F S Independent Limited**

**Notes to the financial statements  
for the year ended 31 March 2002**

..... continued

**22. 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	4,084	26,644	30,728
Overdrafts	(5,350)	(3,952)	(9,302)
	(1,266)	22,692	21,426
Current asset investments	51,383	5,674	57,057
<b>Net funds</b>	<u>50,117</u>	<u>28,366</u>	<u>78,483</u>