

N W Brown Group Limited

Financial Statements

Year ended 30 April 2002

Company number: 3917262



Directors

N W Brown
Mrs F M C Brown
B C Carter
A Puckridge
R J Dart
Miss R C Jarvis
P A Thorpe
R W Raywood
C D R Manktelow
D J Oliver
H R Parnell
K S Harris
S D Gray

Company secretary

K S Harris

Registered office

Richmond House
16-20 Regent Street
Cambridge
CB2 1DB

Contents

	Page
Directors' report	1 – 2
Auditors' report	3
Group profit and loss account	4
Group balance sheet	5
Balance sheet	6
Group cash flow statement	7
Notes to the financial statements	8 – 21

The directors present their annual report and the financial statements for the year ended 30 April 2002.

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 group for that year. 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.

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.

Results and dividends

The trading results for the year, and the group and the company's financial position at the end of the year are shown in the attached financial statements.

Dividends on the Preference shares amounting to £104,189 have been paid during the year. No Ordinary dividends have been proposed.

Review of the business and future developments

The principal activities of the group are:-

- Discretionary investment management,
- The provision of pensions and financial planning advice,
- General insurance broking,
- The provision of corporate finance advice,
- Venture Capital Trust management,

The directors are satisfied with the results achieved during a challenging year with difficult stock market conditions.

N W Brown Group Limited

Report of the directors

Year ended 30 April 2002

Directors

The directors of the company during the year, together with their beneficial shareholdings, including family interests, during the year were:-

	Ordinary shares of 0.01p each		Stepped Cumulative Preference shares of 10p each	
	At 1 May 2001	At 30 April 2002 (or earlier date of resignation)	At 1 May 2001	At 30 April 2002 (or earlier date of resignation)
N W Brown	107,800	107,800	660,000	660,000
B C Carter	79,600	79,600	461,000	461,000
Mrs F M C Brown	107,800	107,800	670,700	670,700
R J Dart	56,100	56,100	240,000	240,000
A Puckridge	159,400	159,400	990,000	990,000
P A Thorpe	65,700	65,700	352,000	352,000
Miss R C Jarvis	37,500	37,500	163,000	163,000
R W Raywood	65,700	65,700	191,000	191,000
C D R Manktelow	42,200	42,200	61,000	61,000
D J Oliver (resigned 31 October 2001)	93,800	93,800	-	-
H R Parnell	-	-	-	-
K S Harris	-	-	-	-
S D Gray (appointed 24 April 2002)	-	-	-	-
A W Barrell (resigned 30 April 2002)	-	-	-	-

As husband and wife N W Brown and Mrs F M C Brown are deemed to have an interest in each other's shares.

At the beginning and end of the year H R Parnell and K S Harris held unexercised options over 47,619 and 9,525 Ordinary Shares of 0.01p each respectively.

Auditors

Whitmarsh Sterland have expressed their willingness to continue in office as auditors. A resolution will be proposed at the Annual General Meeting that they be re-appointed.

By order of the board



K S Harris
Company secretary

27 November 2002

Independent Auditors' report to the shareholders

Year ended 30 April 2002

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements the in accordance with applicable law and United Kingdom Standards are set out in the Statement of Directors' Responsibilities on page 1.

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 group 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 group 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 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 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 company's and the group's affairs as at 30 April 2002 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Whitmarsh Sterland

Whitmarsh Sterland
Chartered Accountants and
Registered Auditors
62 Hills Road
Cambridge
CB2 1LA

27th November 2002

N W Brown Group Limited

Group profit and loss account

For the year ended 30 April 2002

	Notes	2002 £	15 Months ended 30 April 2001 £
Turnover	2	8,955,511	10,659,700
Cost of sales		<u>(4,311,405)</u>	<u>(4,397,562)</u>
Gross profit		4,644,106	6,262,138
Administrative expenses		<u>(4,760,258)</u>	<u>(5,341,678)</u>
Other operating income		<u>49,575</u>	<u>70,073</u>
Operating profit/(loss)	3	(66,577)	990,533
Interest receivable		79,881	138,351
Interest payable and similar charges	6	<u>-</u>	<u>(106)</u>
Profit on ordinary activities before taxation		13,304	1,128,778
Tax on profit on ordinary activities	7	<u>(60,386)</u>	<u>(295,255)</u>
Profit/(loss) on ordinary activities after taxation		(47,082)	833,523
Dividends	8	<u>(104,189)</u>	<u>(175,723)</u>
Retained profit/(loss) for the year	19	<u>(151,271)</u>	<u>657,800</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes set out on pages 8 to 21 form part of these financial statements.

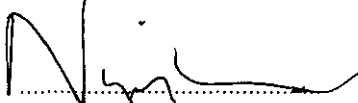
N W Brown Group Limited

Group balance sheet

As at 30 April 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Intangible assets	9		3,050,826		3,236,630
Tangible assets	10		151,159		113,135
Investments	11		<u>66,511</u>		<u>60,261</u>
			3,268,496		3,410,026
Current assets					
Debtors	12	1,115,561		908,186	
Current asset investments	13	1,636,547		1,928,058	
Insurance broking bank accounts		66,808		80,131	
Cash at bank and in hand		<u>276,670</u>		<u>280,972</u>	
			3,095,586	3,197,347	
Creditors: Amounts falling due within one year	14	<u>(2,035,328)</u>		<u>(2,124,014)</u>	
Net current assets			<u>1,060,258</u>		<u>1,073,333</u>
Total assets less current liabilities			4,328,754		4,483,359
Creditors: Amounts falling due after more than one year	15	<u>-</u>			<u>(3,334)</u>
Net assets			<u>4,328,754</u>		<u>4,480,025</u>
Capital and reserves					
Called up share capital	16		378,952		378,952
Capital redemption reserve	17		12,139		12,139
Share premium account	18		3,519,000		3,519,000
Profit and loss account	19		<u>418,663</u>		<u>569,934</u>
Shareholders' funds					
Equity		540,054		691,325	
Non-equity		<u>3,788,700</u>		<u>3,788,700</u>	
	20		<u>4,328,754</u>		<u>4,480,025</u>

These financial statements were approved by the board on 27 November 2002.


 N W Brown
 Director

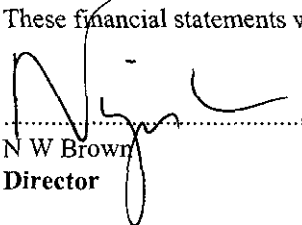
The notes set out on pages 8 to 21 form part of these financial statements.

Balance sheet

As at 30 April 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Tangible fixed assets	10		72,445		57,364
Investments	11		<u>4,106,676</u>		<u>4,096,756</u>
			4,179,121		4,154,120
Current assets					
Debtors	12	62,702		57,860	
Cash at bank and in hand		<u>22,113</u>		<u>354</u>	
		84,815		58,214	
Creditors: Amounts falling due within one year	14	<u>(255,958)</u>		<u>(263,648)</u>	
Net current liabilities			<u>(171,143)</u>		<u>(205,434)</u>
Net assets			<u>4,007,978</u>		<u>3,948,686</u>
Capital and reserves					
Called up share capital	16		378,952		378,952
Capital redemption reserve	17		12,139		12,139
Share premium account	18		3,519,000		3,519,000
Profit and loss account	19		<u>97,887</u>		<u>38,595</u>
Shareholders' funds					
Equity		219,278		159,986	
Non-equity		<u>3,788,700</u>		<u>3,788,700</u>	
	20		<u>4,007,978</u>		<u>3,948,686</u>

These financial statements were approved by the board on 27 November 2002.


 N W Brown
 Director

The notes set out on pages 8 to 21 form part of these financial statements.

Group cash flow statement

For the year ended 30 April 2002

Cash flow statement

	Note	2002 £	2001 £
Net cash inflow from operations	24	165,982	2,387,780
Returns on investments and servicing of finance	25	(24,308)	11,956
Taxation		(357,263)	(60,209)
Capital expenditure	25	(93,547)	(88,070)
Acquisitions and disposals	25	-	174,972
Equity dividends paid		-	(49,434)
Cash inflow before use of liquid resources and financing		(309,136)	2,376,995
Management of liquid resources	25	291,511	(1,928,058)
Financing	25	-	(87,834)
Increase in cash	26	<u>(17,625)</u>	<u>361,103</u>

Reconciliation of net cash flow to movement in net funds

	Note	£
Increase in cash in the year		(17,625) 361,103
Cash outflow from increase in liquid resources		<u>(291,511)</u> <u>1,928,058</u>
Change in net funds		(309,136) 2,289,161
Net funds at 1 May 2001		<u>2,289,161</u> -
Net funds at 30 April 2002	26	<u>1,980,025</u> <u>2,289,161</u>

The notes set out on pages 8 to 21 form part of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Comparative figures

The comparative figures are for the fifteen month period from 1 February 2000 to 30 April 2001.

Basis of consolidation

The group financial statements include the consolidation of the company and each of its subsidiary undertakings. All intra-group transactions have been eliminated on consolidation. In accordance with the provisions of Section 230 of the Companies Act 1985, the company has not prepared its individual profit and loss account as part of these financial statements.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The combinations have been accounted for on an acquisition basis.

Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal annual instalments over its estimated useful economic life of 18 years and 8 months.

Tangible fixed assets and depreciation

Depreciation has been provided in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets by equal annual instalments over their expected useful lives, which are estimated to be:

Computer equipment	3 years
Office furniture and equipment	Between 3 and 10 years

Fixed asset investments

Fixed asset investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements

For the year ended 30 April 2002

1. Principal accounting policies (continued)**Current asset investments**

Current asset investments consist of short-term bank deposit balances not repayable within 24 hours without penalty. For the purposes of the cash flow statement liquid resources includes all monies held on short-term deposit accounts.

Foreign currencies

Transactions denominated in foreign currencies are translated to Sterling at the rate of exchange applicable at the date of the transaction. Amounts in the balance sheet at the year end are translated into Sterling at the rate of exchange applicable at the balance sheet date. Profits or losses on exchange are credited or debited to the profit and loss account in the year.

Deferred taxation

Full provision is made for deferred taxation using the liability method to take account of material timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Contribution to pension funds

The group contributes into employees' personal pensions. Contributions are charged to the profit and loss account as they become due.

2. Turnover

Turnover represents:-

- Gross insurance premiums invoiced during the year.
- Fees and commissions earned during the year net of value added tax.

The analysis of turnover by activity, all of which falls within the United Kingdom, is as follows:

	2002	2001 (15 months)
	£	£
Investment management	1,876,942	2,808,067
Pensions and financial planning	863,896	961,942
Insurance broking – gross premiums	5,131,838	5,331,183
Corporate finance advice	65,456	340,591
Venture capital fund management	1,000,889	1,199,476
Sundry	16,490	18,441
	<u>8,955,511</u>	<u>10,659,700</u>

Notes to the financial statements

For the year ended 30 April 2002

3. Operating profit

This is stated after charging/(crediting):-

	2002 £	2001 £
Amortisation of intangible fixed assets	185,804	232,325
Depreciation - own assets	49,709	46,600
Net loss on disposal of fixed assets	(436)	823
Operating lease rentals - land and buildings	180,000	225,123
Operating lease rentals - other	51,919	70,939
Auditors' remuneration:		
Audit fees	23,220	28,345
Other services and prior year charge	<u>33,318</u>	<u>650</u>

4. Directors and employees

	2002 £	2001 £
Wages and salaries	2,856,520	3,259,805
Social security costs	282,524	317,156
Other pension costs	<u>136,797</u>	<u>106,570</u>
	<u>3,275,841</u>	<u>3,683,531</u>

The average number of employees, calculated on a monthly basis, is made up as follows:-

	2002 Number	2001 Number
Directors	16	16
Non-executive directors	-	6
Professional staff	28	26
Office and administration	<u>39</u>	<u>33</u>
	<u>83</u>	<u>81</u>

Directors' emoluments (in respect of parent company directors)

	2002 £	2001 £
Aggregate emoluments	1,039,136	1,180,787
Pension contributions	<u>64,241</u>	<u>39,932</u>
	<u>1,103,377</u>	<u>1,220,719</u>
Highest paid director	£	£
Aggregate emoluments	122,153	141,646
Pension contributions	<u>12,216</u>	<u>-</u>
	<u>134,369</u>	<u>141,646</u>

Notes to the financial statements

For the year ended 30 April 2002

5. Pension scheme

The group contributes into employees' personal pensions. The pension cost charge represents contributions payable by the group and amounted to £136,797 (2001 £106,570). Contributions amounting to £17,875 (2001 £9,238) were outstanding at the year end.

6. Interest payable

	2002 £	2001 £
Interest on hire purchase loans	-	106

7. Tax on profits on ordinary activities

(a) Taxation

	2002 £	2001 £
UK Corporation Tax charge at an average effective rate of 25.05% (2001 28.96%)	60,386	295,255

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2001 – 20%).

	2002 £	2001 £
Profit on ordinary activities before taxation	13,304	1,128,778
Profit on ordinary activities multiplied by the rate of tax	2,661	225,756
Expenses not deductible	46,937	30,594
Loss/(profits) of offshore subsidiary not chargeable to UK tax	4,575	(4,874)
Depreciation in the year in excess of capital allowances	(896)	(3,141)
Loss relief	(6,955)	(42,941)
Underprovision	1,976	(1,541)
Chargeable at marginal rate	12,088	91,402
	60,386	295,255

8. Dividends

	2002 £	2001 £
Equity dividends:		
Proposed Ordinary dividend of 6 pence per share	-	49,434
Preference dividends paid	104,189	126,289

Notes to the financial statements

For the year ended 30 April 2002

9. Intangible fixed assets

The group

Goodwill
£*Cost*

At 1 May 2001 and at 30 April 2002

3,468,955*Amortisation*

At 1 May 2001

232,325

Charge for the year

185,804

At 30 April 2002

418,129*Net book value*

At 30 April 2002

3,050,826

At 1 May 2001

3,236,630**10. Tangible fixed assets**

The group

Computer
equipment
£Office furniture
and equipment
£Total
£*Cost*

At 1 May 2001

326,963

209,139

536,102

Additions in the year

60,257

31,574

91,831

Disposals in the year

(4,079)(14,741)(18,820)

At 30 April 2002

383,141225,972609,113*Accumulated depreciation*

At 1 May 2001

251,864

171,103

422,967

Charge for the year

41,500

8,209

49,709

Disposals in the year

(3,936)(10,786)(14,722)

At 30 April 2002

289,428168,526457,954*Net book value*

At 30 April 2002

93,71357,446151,159

At 1 May 2001

75,09938,036113,135

Notes to the financial statements

For the year ended 30 April 2002

10. Tangible fixed assets (continued)

The company

	Computer equipment £	Office furniture and equipment £	Total £
<i>Cost</i>			
At 1 May 2001	50,604	27,732	78,336
Additions in the year	29,328	9,920	39,248
Disposals in the year	-	(555)	(555)
At 30 April 2002	<u>79,932</u>	<u>37,097</u>	<u>117,029</u>
<i>Accumulated depreciation</i>			
At 1 May 2001	14,610	6,362	20,972
Charge for the year	18,938	5,185	24,123
Disposals in the year	-	(511)	(511)
At 30 April 2002	<u>33,249</u>	<u>11,036</u>	<u>44,584</u>
<i>Net book value</i>			
At 30 April 2002	<u>46,384</u>	<u>26,061</u>	<u>72,445</u>
At 1 May 2001	<u>35,994</u>	<u>21,370</u>	<u>57,364</u>

Notes to the financial statements

For the year ended 30 April 2002

11. Fixed asset investments

	The group		The company	
	Unlisted investments	Investment in group undertakings	Unlisted investments	Total
	£	£	£	£
<i>Cost</i>				
At 1 May 2001	60,261	4,090,069	6,687	4,096,756
Additions	<u>6,250</u>	<u>5,000</u>	<u>4,920</u>	<u>9,920</u>
At 30 April 2002	<u>66,511</u>	<u>4,095,069</u>	<u>11,607</u>	<u>4,106,676</u>
<i>Provisions</i>				
At 1 May 2001	-	-	-	-
Provided in the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>				
At 30 April 2002	<u>66,511</u>	<u>4,095,069</u>	<u>11,607</u>	<u>4,106,676</u>
At 1 May 2001	<u>60,261</u>	<u>4,090,069</u>	<u>6,687</u>	<u>4,096,756</u>

Details of group undertakings at the balance sheet date are as follows:-

<i>Name of undertaking</i>	<i>Nature of business</i>	<i>Class of shares</i>	<i>Holding %</i>
N W Brown Investment Management Limited	Discretionary investment management	Ordinary	100
N W Brown Pensions & Financial Planning Limited	Pensions and financial planning advice	Ordinary	100
N W Brown Insurance Brokers Limited	Insurance broking	Ordinary	100
N W Brown Corporate Finance Limited	Arranging corporate finance deals	Ordinary	100
N W Brown Capital Partners Limited	Provision of investment advice	"A" Ordinary "B" Ordinary	100 100
The First Cambridge Gateway General Partner Limited	Venture capital fund management	Ordinary	100
GEIF Nominees Limited	Dormant	Ordinary	100

Notes to the financial statements

For the year ended 30 April 2002

11. Fixed asset investments (continued)

Details of group undertakings (continued):-

<i>Name of undertaking</i>	<i>Nature of business</i>	<i>Class of shares</i>	<i>Holding %</i>
N W Brown Nominees Limited	Dormant	Ordinary	100
N W Brown & Co PEP Nominees Limited	Dormant	Ordinary	100
N W Brown ISA Nominees Limited	Dormant	Ordinary	100
Ventures East Limited	Dormant	Ordinary	100
N W Brown Trustees Limited	Dormant	Ordinary	100
Freedom Insurance Services Limited	Dormant	Ordinary	100

N W Brown Trustees Limited was acquired on 22 November 2001 from Mr N W Brown at par value. The investment in Freedom Insurance Services Limited was acquired on 20 March 2002 by way of an initial subscription of shares.

Each trading subsidiary prepares accounts to 30 April and all subsidiaries are incorporated in England and Wales, except for The First Cambridge Gateway General Partner Limited, which is incorporated in Guernsey.

12. Debtors

	2002	The group 2001 £	2002 £	The company 2001 £
Trade debtors	207,658	219,661	-	-
Insurance broking debtors	470,002	345,975	-	-
Amounts owed by group undertakings	-	-	16,439	17,510
Other debtors	60,070	24,693	44	-
Prepayments and accrued income	<u>377,831</u>	<u>317,857</u>	<u>46,219</u>	<u>40,350</u>
	<u>1,115,561</u>	<u>908,186</u>	<u>62,702</u>	<u>57,860</u>

13. Current asset investments

	2002 £	The group 2001 £	2002 £	The company 2001 £
Short term bank deposit accounts	<u>1,636,547</u>	<u>1,928,058</u>	-	-

Notes to the financial statements

For the year ended 30 April 2002

14. Creditors: Amounts falling due within one year

	2002	The group	2002	The company
	£	2001	£	2001
		£		£
Trade creditors	91,573	73,755	24,910	3,700
Insurance broking creditors	524,508	335,196	-	-
Corporation tax	24,272	283,829	4,463	5,990
Other tax and social security	144,668	169,025	21,641	24,868
Other creditors	21,793	6,062	25	192
Proposed dividends	-	49,434	-	49,434
Accruals and deferred income	<u>1,228,514</u>	<u>1,206,713</u>	<u>204,919</u>	<u>179,464</u>
	<u>2,035,328</u>	<u>2,124,014</u>	<u>255,958</u>	<u>263,648</u>

15. Creditors: Amounts falling due after more than one year

	2002	The group	2002	The company
	£	2001	£	2001
		£		£
Trade creditors	-	<u>3,334</u>	-	-

Notes to the financial statements

For the year ended 30 April 2002

16. Share capital

Authorised	2002 £	2001 £
1,200,000 Ordinary shares of 0.01p each	120	120
4,000,000 Stepped Cumulative Preference shares of 10p each	<u>400,000</u>	<u>400,000</u>
	<u>400,120</u>	<u>400,120</u>
Allotted called up and fully paid	2002 £	2001 £
823,900 Ordinary shares of 0.01p each	82	82
3,788,700 Stepped Cumulative Preference shares of 10p each	<u>378,870</u>	<u>378,870</u>
	<u>378,952</u>	<u>378,952</u>

Shares issued or redeemed

No shares have been issued or redeemed during the year.

Class rights

The Preference shareholders are to receive dividends in priority to the Ordinary shares. The dividends, which accrue daily, are to be paid at a coupon of 20% of the nominal value in the first year increasing by 5% per annum until 2018. The Preference shareholders have no other right to participate in the profits of the company.

In the event of a winding-up or liquidation of the company any surpluses shall be applied first to any arrears of Preference dividends and then to repaying the issue price of the Preference shares.

The Preference shares have no entitlement to votes at any general meeting of the company, other than to pass a resolution to liquidate the company or to reduce its capital or alter the class rights, unless the Preference dividend is in arrears, the company has failed to redeem any of the Preference shares in accordance with the schedule below, or there has been a material breach of any of the provisions of the Articles.

Share options

The following share options have been granted in respect of 0.01p Ordinary Shares and have not expired at the balance sheet date:

Date of grant	Number	Option price	Option period
12 April 2001	128,578	£2.10	Exercisable within 3 to 10 years of the date of grant
27 July 2001	20,675	£3.60	Exercisable within 3 to 10 years of the date of grant

No options have yet been exercised.

Notes to the financial statements

For the year ended 30 April 2002

16. Share capital (continued)*Redemption of Preference shares*

The remaining preference shares are to be redeemed at a price of £1 per share on the following dates:

	Number
30 September 2004	76,200
30 September 2005	197,500
30 September 2006	197,500
30 September 2007	197,500
30 September 2008	197,500
30 September 2009	197,500
30 September 2010	197,500
30 September 2011	197,500
30 September 2012	197,500
30 September 2013	197,500
30 September 2014	395,000
30 September 2015	395,000
30 September 2016	395,000
30 September 2017	395,000
30 September 2018	355,000

17. Capital redemption reserve

	The group and the company	
	2002	2001
	£	£
At 1 May 2001	12,139	-
On Ordinary shares bought back during the year	-	9
On Preference shares bought back during the year	-	<u>12,130</u>
At 30 April 2002	<u>12,139</u>	<u>12,139</u>

18. Share premium account

	The group and the company	
	2002	2001
	£	£
At 1 May 2001	3,519,000	-
On Preference shares issued during the year	-	<u>3,519,000</u>
At 30 April 2002	<u>3,519,000</u>	<u>3,519,000</u>

Notes to the financial statements

For the year ended 30 April 2002

19. Profit and loss account

	2002 £	The group 2001 £	2002 £	The company 2001 £
At 1 May 2001	569,934	-	38,595	-
Retained (loss)/profit for the year	<u>(151,271)</u>	<u>657,800</u>	<u>59,292</u>	<u>126,461</u>
	418,663	657,800	97,887	126,461
Purchase of own shares	<u>-</u>	<u>87,866</u>	<u>-</u>	<u>87,866</u>
At 30 April 2002	<u>418,663</u>	<u>569,934</u>	<u>97,887</u>	<u>38,595</u>

20. Reconciliation of movements in shareholders' funds

	2002 £	The group 2001 £	2002 £	The company 2001 £
(Loss)/profit for the financial year	(151,271)	657,800	59,292	126,461
New shares issued		3,910,091	-	3,910,091
Purchase of own shares	<u>-</u>	<u>(87,866)</u>	<u>-</u>	<u>(87,866)</u>
Increase in shareholders' funds	(151,271)	4,480,025	59,292	3,948,686
Opening shareholders' funds	<u>4,480,025</u>	<u>-</u>	<u>3,948,686</u>	<u>-</u>
Closing shareholders' funds	<u>4,328,754</u>	<u>4,480,025</u>	<u>4,007,978</u>	<u>3,948,686</u>

21. Operating lease commitments

The company and the group had the following annual commitments under non-cancellable operating leases at the balance sheet date.

	2002 £	The group 2001 £	2002 £	The company 2001 £
Land and buildings leases expiring after more than five years	180,000	180,000	180,000	180,000
Other leases expiring:				
within one year	26,214	12,184	14,601	-
in two to five years	<u>4,680</u>	<u>40,560</u>	<u>-</u>	<u>14,601</u>
	<u>210,894</u>	<u>232,744</u>	<u>194,601</u>	<u>194,601</u>

22. Capital commitments

The company and the group have made a commitment to invest a further £19,680 (inclusive of annual management charges) in the First Cambridge Gateway Fund (the Fund). The commitment will be drawn down in stages when further investments are made by the Fund.

23. Related parties*Control*

There is no ultimate controlling party.

Transactions

There were no material transactions with related parties.

24. Reconciliation of operating profit to cash inflow from operations

	2002 £	2001 £
Operating profit	(66,577)	990,533
Amortisation of intangible assets	185,804	232,325
Depreciation charge	49,709	46,600
Loss on disposal of fixed assets	(436)	823
Increase in debtors	(207,375)	(1,101,594)
Increase in creditors	<u>204,857</u>	<u>2,219,093</u>
Net cash inflow from operating activities	<u>165,982</u>	<u>2,387,780</u>

25. Gross cash flows

	£	£
<i>Returns on investments and servicing of finance</i>		
Interest received	79,881	138,351
Interest paid	-	(106)
Preference dividends paid	<u>(104,189)</u>	<u>(126,289)</u>
	<u>(24,308)</u>	<u>11,956</u>
<i>Capital expenditure</i>		
Payments to acquire tangible fixed assets	(91,831)	(95,481)
Receipts from sales of tangible fixed assets	4,534	14,098
Payments to acquire investments	<u>(6,250)</u>	<u>(6,687)</u>
	<u>(93,547)</u>	<u>(88,070)</u>
<i>Acquisitions and disposals</i>		
Net cash acquired with subsidiaries	-	174,972
<i>Management of liquid resources</i>		
Decrease/(increase) in term deposit	<u>291,511</u>	<u>(1,928,058)</u>
<i>Financing</i>		
Issue of Ordinary shares in the year	-	32
Purchase of own shares	<u>-</u>	<u>(87,866)</u>
	-	<u>(87,834)</u>

Notes to the financial statements

For the year ended 30 April 2002

26. Analysis of changes in net funds

	At 1 May 2001	Cash flows	Other changes	At 30 April 2002
	£	£	£	£
Cash at bank and in hand	361,103	(17,625)	-	343,478
Current asset investments	<u>1,928,058</u>	<u>(291,511)</u>	<u>-</u>	<u>1,636,547</u>
Total	<u>2,289,161</u>	<u>(309,136)</u>	<u>-</u>	<u>1,980,025</u>