

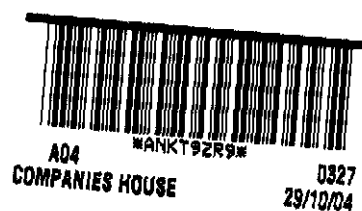
Company Registration No. 4126418

Yorkshire Investment Group Limited

**Financial Statements for
the year ended 31 December 2003**

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Yorkshire Investment Group Limited

Directors and advisers

Directors

H Heron
P F Jones
P G Bradshaw
A Hogg
J J Dufton

Secretary

C A Johnston

Company number

4126418

Registered office

Ropergate House
43 Ropergate
Pontefract
WF8 1JY

Auditors

Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Bankers

Bank of Scotland plc
Wellington Street
Leeds
LS1 4LT

Yorkshire Investment Group Limited

Chairman's report For the year ended 31 December 2003

The Chairman presents his report for the year to 31 December 2003

The Group achieved its main objectives for 2003 despite the widely recognized difficult trading conditions in most areas of the financial services market. The Group stabilized turnover and returned to profit as a result of prudent cost controls and emphasis on managing client relationships.

New business activity has been weak primarily due to loss of public confidence in the markets and in the sector. Underlying growth in investment fund income, repeat fee income and growth in discretionary investment fund management has continued strongly, reflecting the Group's positioning at the upper end on the market and emphasis on specialist service offerings.

We anticipated that 2003 would be challenging in terms of client activity and used the opportunity to focus on improving operational efficiencies, processes and MI systems. That work continues, as does the development of strong professional connection relationships to support distribution.

As anticipated we identified and secured new business opportunities through acquisition and expect to continue with a strategy of consolidation in the region when appropriate opportunities arise.

We believe that it may be some time before public confidence in the sector improves, however this will provide opportunities for us to exploit in terms of acquisitions and consultant recruitment. We remain optimistic regarding the Group's medium to long-term prospects based on the enthusiasm of the board and senior management to produce innovative solutions and services into a changing market.

Hugh Heron
Chairman

Yorkshire Investment Group Limited

Directors' report For the year ended 31 December 2003

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

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 group and of the profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 group 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.

Review of the business

The group's principal activity remains that of the provision of financial services.

The consolidated profit and loss account for the year and the appropriation thereof are set out on page 6. The directors consider the level of business and the year end financial position to be satisfactory and expect the present level of activity to be sustained for the foreseeable future.

Dividends

The directors are unable to recommend the payment of a dividend.

Directors

The directors set out in the table below have held office during the whole of the period from 1 January 2003 to the date of this report unless otherwise stated.

H Heron
P F Jones
P G Bradshaw
A Hogg
J J Dufton

Yorkshire Investment Group Limited

Directors' report For the year ended 31 December 2003

The interests of the directors holding office on 31 December 2003 in the shares of the company, according to the register of directors' interests, were as shown below:-

	Ordinary £1 shares		Ordinary "B" £1 Shares	
	31 December 2003	1 January 2003	31 December 2003	1 January 2003
H Heron	70,718	70,718	-	-
P F Jones	70,718	70,718	-	-
P G Bradshaw	70,718	70,718	-	-
A Hogg	23,804	23,804	-	-
J J Dufton	3,790	-	-	-

The YIG Directors' Pension Scheme holds 10,770 ordinary shares of £1 in the company at 31 December 2003 (2002: 10,770). The directors H Heron, P F Jones, P G Bradshaw and A Hogg are all members and trustees of the scheme.

Disabled persons

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Employee involvement

If and when matters of concern to employees arise, the group takes appropriate steps to inform and consult with the employees concerned.

Auditors

Mazars LLP succeeded to Mazars as the independent auditor to the company during the year. A resolution to reappoint Mazars LLP as auditors to the company and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

Approved by the board on 21.10.04
and signed on its behalf by



C A Johnston
Company Secretary

Yorkshire Investment Group Limited

Independent auditors' report to the members of Yorkshire Investment Group Limited

We have audited the financial statements for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on 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'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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

Yorkshire Investment Group Limited

Independent auditors' report to the members of Yorkshire Investment Group Limited

Opinion

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

Mazars LLP

MAZARS LLP
CHARTERED ACCOUNTANTS
and Registered Auditors
LEEDS

28/10/04

Yorkshire Investment Group Limited

Consolidated profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	3,351,884	3,421,884
Less: share of joint ventures' income		(164,020)	(332,642)
		<u>3,187,864</u>	<u>3,089,242</u>
Cost of sales		(13,560)	(165,950)
Gross profit		<u>3,174,304</u>	<u>2,923,292</u>
Administration expenses		(3,036,758)	(3,121,083)
Operating profit(loss)		<u>137,546</u>	<u>(197,791)</u>
Income from joint ventures		3,072	5,274
Interest receivable		15,977	14,838
Amounts written off fixed asset investments		(9,250)	-
Interest payable and similar charges	5	(53,658)	(41,538)
Profit (loss) on ordinary activities before taxation	6	<u>93,687</u>	<u>(219,217)</u>
Taxation	7	(14,538)	3,883
Profit (loss) for the financial year	8	<u>79,149</u>	<u>(215,334)</u>

The group has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historic cost equivalents.

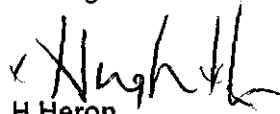
The group's turnover and expenses all relate to continuing operations.

Yorkshire Investment Group Limited

Balance sheets as at 31 December 2003

	Notes	Group		Company	
		2003 £	2002 £	2003 £	2002 £
Fixed assets					
Goodwill	9	944,251	655,527	-	-
Tangible assets	10	279,091	256,204	119,050	76,665
Investments in subsidiaries	11	-	-	1,612,588	1,425,730
Interests in joint venture:	11	6,245	5,069	6,245	6,245
Other investments	11	-	9,250	-	-
		<u>1,229,587</u>	<u>926,050</u>	<u>1,737,883</u>	<u>1,508,640</u>
Current assets					
Debtors	12	471,184	401,132	69,981	41,156
Cash at bank and in hand		<u>339,635</u>	<u>426,687</u>	<u>78,921</u>	<u>8,957</u>
		810,819	827,819	148,902	50,113
Creditors: amounts falling due within one year	13	<u>(792,699)</u>	<u>(374,798)</u>	<u>(796,299)</u>	<u>(492,054)</u>
Net current assets (liabilities)		<u>18,120</u>	<u>453,021</u>	<u>(647,397)</u>	<u>(441,941)</u>
Total assets less current liabilities		1,247,707	1,379,071	1,090,486	1,066,699
Creditors: amounts falling due after more than one year	14	(493,050)	(657,673)	(374,095)	(473,848)
Provisions for liabilities and charges	15	<u>(55,366)</u>	<u>(101,256)</u>	<u>-</u>	<u>-</u>
Net assets		<u>699,291</u>	<u>620,142</u>	<u>716,391</u>	<u>592,851</u>
Capital and reserves					
Called up share capital	17	602,636	648,846	602,636	648,846
Share premium account	18	166,153	166,153	166,153	166,153
Capital redemption reserve	18	50,000	-	50,000	-
Profit and loss account	18	<u>(119,498)</u>	<u>(194,857)</u>	<u>(102,398)</u>	<u>(222,148)</u>
Shareholders' funds	19	<u>699,291</u>	<u>620,142</u>	<u>716,391</u>	<u>592,851</u>

Approved by the board on 27.12.04
and signed on its behalf by:


H Heron
Director

Yorkshire Investment Group Limited

Consolidated cash flow statement for the year ended 31 December 2003

	Notes	2003 £	2002 £
Operating profit (loss)		137,546	(197,791)
Amortisation of goodwill		53,483	68,940
Depreciation of tangible fixed assets		119,105	96,892
Loss on sale of tangible fixed assets		(1,051)	-
(Increase)/decrease in trade debtors		(83,357)	67,315
Decrease /(increase) in other debtors		11,145	(9,134)
(Increase)/decrease in prepayments and accrued income		(52,654)	9,946
Increase/(decrease) in trade creditors		39,875	1,431
Increase (decrease) in other taxation and social security		9,214	37,149
Increase/(decrease) in other creditors		354,480	(29,841)
Net cash inflow from operating activities		586,786	42,907
Returns on investments and servicing of finance			
Interest received		15,977	14,838
Interest paid		(53,658)	(41,538)
Income for joint ventures		3,072	-
Net cash outflow for returns on investments and servicing of finance		(34,609)	(26,700)
Taxation			
UK corporation tax paid		-	21,486
Capital expenditure and financial investment			
Sale of tangible fixed assets		18,401	-
Purchase of tangible fixed assets		(159,342)	(92,882)
Loan to joint venture undertaking		64,447	-
Net cash outflow for capital expenditure and financial investment		(76,494)	(92,882)
Acquisitions			
Purchase of subsidiary undertakings		(384,780)	(50,000)
Cash at bank and in hand acquired with subsidiary undertakings		43,573	-
Net cash outflow from acquisitions		(341,207)	(50,000)
Net cash inflow (outflow) before financing	20	134,476	(101,189)
Financing			
Payment of provisions		(45,890)	18,360
Issue of share capital		50,000	-
Redemption of share capital		(50,000)	-
Decrease in borrowings		(117,207)	58,034
Repayment of principal under finance leases		(58,431)	19,086
Net cash outflow from financing		(221,528)	95,480
Decrease in cash in the year	20	(87,052)	(9,709)

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements for the parent company and its subsidiaries made up to the end of the financial period. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

1.3 Joint ventures

The group has accounted for joint ventures using the gross equity method of accounting in accordance with Financial Reporting Standard ("FRS") 9 (Associates, joint ventures and other joint arrangements). Under this method of accounting the group's share of the aggregate gross assets and liabilities underlying the net equity investment are shown on the face of the balance sheet.

1.4 Goodwill

Where businesses or subsidiaries are acquired, any difference between the cost of acquisition and the value attributable to the acquired assets and liabilities is reflected as goodwill on the balance sheet. Goodwill is written off over its estimated useful life of 20 years (which is considered to be the useful economic life of the related investments).

The directors review the carrying value of goodwill in respect of each acquisition each year to ensure that it is still appropriate to include it in the balance sheet. If an impairment is identified, the carrying value is written down to its recoverable amount.

1.5 Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:

Computer equipment	25% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Motor vehicles	25% straight line basis

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

1.7 Lease commitments

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

1.8 Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction is entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date, except in those instances where a forward exchange contract has been arranged in which case this forward rate is used. Exchange gains or losses are included in operating profit.

1.9 Turnover

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

1.10 Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Pension costs

Pension contributions to defined contribution schemes are charged to the profit and loss account in the accounting period in which they fall due.

The group provides no other post-retirement benefits to its employees.

2 Turnover

The analysis by geographical area of the group's turnover is set out below:-

	2003 £	2002 £
Geographical segments		
United Kingdom	<u>3,187,864</u>	<u>3,089,242</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

3 Directors' emoluments

	2003 £	2002 £
Emoluments	<u>65,809</u>	<u>28,052</u>

Retirement benefits are accruing to four directors (2002: four) under money purchase schemes.

4 Employee information

The average number of persons (including directors) employed by the group during the year was:

	2003 Number	2002 Number
By type of work		
Management	15	15
Selling and administration	<u>58</u>	<u>57</u>
	<u>73</u>	<u>72</u>

	2003 £	2002 £
Staff costs (for the above persons):		
Wages and salaries	1,681,313	1,920,224
Social security costs	178,994	190,999
Other pension costs (see note 16)	<u>39,119</u>	<u>44,505</u>
	<u>1,899,426</u>	<u>2,155,728</u>

5 Interest payable and similar charges

	2003 £	2002 £
Bank loan and overdrafts	28,181	27,148
Hire purchase interest	10,989	11,118
Other interest	<u>14,488</u>	<u>3,272</u>
	<u>53,658</u>	<u>41,538</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

6 Profit on ordinary activities before taxation

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Amortisation/depreciation charge for the year:		
Goodwill	52,483	68,940
Tangible owned fixed assets	119,105	96,892
Auditors' remuneration for:		
Audit (Company £4,000 (2002: £4,000))	20,200	20,200
Non-audit services		-
Rental of land and buildings – operating leases	135,872	140,192
After crediting		
Profit on disposal of tangible fixed assets	<u>1,051</u>	<u>-</u>

7 Taxation on profit on ordinary activities

(a) Analysis of charge in period

	2003 £	£	2002 £	£
Current tax:				
UK corporation tax on profits for the period	14,538		-	
Adjustments in respect of previous periods	<u>-</u>		<u>(3,883)</u>	
Total current tax (note 7b)		<u>14,538</u>		<u>(3,883)</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

7 Taxation on profit on ordinary activities (continued)

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2003 £	2002 £
Profit (loss) on ordinary activities before tax	93,687	(219,217)
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	<u>28,106</u>	<u>(65,765)</u>
Effects of:		
Expenses not deductible for tax purposes	5,044	6,450
Fixed asset timing differences	19,158	18,654
Utilisation of tax losses	(22,350)	52,776
Adjustment to tax charge in respect of previous periods	-	451
Non-qualifying depreciation	(14,067)	(15,239)
Short term timing differences	<u>(1,353)</u>	<u>(1,210)</u>
	<u>(13,568)</u>	<u>61,882</u>
Current tax charge for period (note 7a)	<u>14,538</u>	<u>(3,883)</u>

8 Profit of parent company

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. Of the profit for the financial year, a profit of £123,540 (2002: loss £190,229) has been dealt with in the financial statements of the company.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

9 Goodwill

The company has no goodwill. That relating to the group is as follows:

	Goodwill £
Cost	
At 1 January 2003	724,467
Additions	341,207
At 31 December 2003	<u>1,065,674</u>
Amortisation	
At 1 January 2003	68,940
Charge for the year	52,483
At 31 December 2003	<u>121,423</u>
Net book value	
At 31 December 2003	<u>944,251</u>
At 31 December 2002	<u>655,527</u>

Goodwill arose on the purchase of the entire share capital of Yorkshire Investment Consultants Limited, YIG Consulting Limited, HCS Pensions Management Limited, YIG Trustees Limited and Stephen Holt & Company Limited.

The addition in the year relates to the acquisition of Sydney Packett (Life and Pensions) Limited.

The goodwill is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefits from the goodwill existing at the date of acquisition. The directors are of the opinion that the value of goodwill is in excess of the net book value disclosed above.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

10 Tangible fixed assets

Group

	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2003	341,964	205,898	105,957	653,819
Additions	37,685	53,179	68,478	159,342
Disposals	-	-	(60,093)	(60,093)
At 31 December 2003	<u>379,649</u>	<u>259,077</u>	<u>114,342</u>	<u>753,068</u>
Depreciation				
At 1 January 2003	210,503	124,763	62,349	397,615
Charge for the year	56,626	24,060	38,419	119,105
Eliminated on disposals	-	-	(42,743)	(42,743)
At 31 December 2003	<u>267,129</u>	<u>148,823</u>	<u>58,025</u>	<u>473,977</u>
Net book value				
At 31 December 2003	<u>112,520</u>	<u>110,254</u>	<u>56,317</u>	<u>279,091</u>
At 31 December 2002	<u>131,461</u>	<u>81,135</u>	<u>43,608</u>	<u>256,204</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Net book values				
At 31 December 2003	<u>64,227</u>	<u>-</u>	<u>12,752</u>	<u>76,979</u>
At 31 December 2002	<u>105,724</u>	<u>-</u>	<u>40,328</u>	<u>146,052</u>
Depreciation charge for the year				
At 31 December 2003	<u>41,497</u>	<u>-</u>	<u>4,252</u>	<u>45,749</u>
At 31 December 2002	<u>37,928</u>	<u>-</u>	<u>13,444</u>	<u>51,372</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

10 Tangible fixed assets (continued)

Company

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2003	79,456	9,348	88,804
Additions	23,883	45,056	68,939
At 31 December 2003	<u>103,339</u>	<u>54,404</u>	<u>157,743</u>
Depreciation			
At 1 January 2003	9,369	2,770	12,139
Charge for the year	21,449	5,105	26,554
At 31 December 2003	<u>30,818</u>	<u>7,805</u>	<u>38,693</u>
Net book value			
At 31 December 2003	<u>72,521</u>	<u>46,529</u>	<u>119,050</u>
At 31 December 2002	<u>80,087</u>	<u>6,578</u>	<u>76,665</u>

Included within computer equipment are assets held under finance leases or hire purchase contracts that had a net book value of £50,222 (2002 £70,087). The depreciation charge for the year on these assets was £19,865 (2002 £9,369).

11 Fixed asset investments

Group

	Unlisted investments £	Interests in joint venture £
At 1 January 2003	9,250	5,069
Diminution in value	(9,250)	-
Share of profit	-	1,176
At 31 December 2003	<u>-</u>	<u>6,245</u>

Company

	Interests in subsidiary and joint venture undertakings £
Cost	
At 1 January 2003	1,431,975
Acquisition	186,858
At 31 December 2003	<u>1,618,833</u>
At 31 December 2002	<u>1,431,975</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

11 Fixed Asset Investments (continued)

The directors consider that to give full particulars of all subsidiary and joint venture undertakings would lead to a statement of excessive length. The following information relates to those undertakings whose results and financial position, in the opinion of the directors, principally affected the figures of the group.

Name of undertaking	Country of Incorporation	Description of shares	Proportion of issued shares held by the company
Yorkshire Investment Consultants Limited	England	Ordinary shares of £1 each	100%
YIG Consulting Limited	England	Ordinary and deferred shares of £1 each	100%
YIG Asset Management Limited	England	Ordinary shares of £1 each	100%
HCS Pensions Management Limited	England	Ordinary shares of £1 each	100% *
YIG Trustees Limited	England	Ordinary shares of £1 each	100% *
BBPI Limited	England	Ordinary shares of £1 each	50%
Hanson Financial Planning Limited	England	Ordinary shares of £1 each	50%
Power-off Limited	England	Ordinary shares of £1 each	100% *
Acomb Trustees Limited	England	Ordinary shares of £1 each	100% *
Sydney Packett (Life and Pensions) Limited	England	Ordinary shares of £1 each	100% *

* Held by subsidiary undertaking

The principal activity of all subsidiary companies and joint ventures was that of financial services, except for YIG Trustees Limited, Power-off Limited, Acomb Trustees Limited and Sydney Packett (Life and Pensions) Limited that no longer trade.

Acquisitions

Sydney Packett (Life and Pensions) Limited

The company purchased the whole of the issued share capital of Sydney Packett (Life and Pensions) Limited on 1 November 2003 for a consideration of £186,858. The company used acquisition accounting to account for this purchase.

From the date of acquisition until 31 December 2003 the acquisition contributed £139,228 to turnover and £63,417 to profit before tax and interest. The acquisition reduced the group's net operating cash flows by £154,752 and utilised £nil for capital expenditure.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

11 Fixed Asset Investments (Continued)

	Book value £
Fixed assets	15,846
Debtors	11,071
Bank and cash	43,573
Creditors	(224,839)
Net liabilities acquired	(154,349)
Goodwill	341,207
Consideration - cash	186,858

The book value of the assets and liabilities have been taken from the management accounts of Sydney Packett (Life and Pensions) Limited as at 1 November 2003 (the date of acquisition). The directors consider that the provisional fair value of assets and liabilities is equal to the book value.

Of the consideration £166,000 is held as a deferred consideration.

12 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts falling due within one year				
Trade debtors	312,387	229,030	-	-
Amounts owed by joint ventures	-	54,814	-	-
Prepayments and accrued income	158,797	106,143	69,981	30,011
Other debtors	-	11,145	-	11,145
	<u>471,184</u>	<u>401,132</u>	<u>69,981</u>	<u>41,156</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	115,761	42,152	73,439	4,267
Trade creditors	76,339	36,464	76,339	20,317
Net obligations under hire purchase contracts	52,028	61,732	25,263	14,667
Amounts owed to joint ventures	10,809	-	-	-
Amounts owed to subsidiary undertakings	-	-	477,391	422,038
Corporation tax	14,538	-	-	-
Other taxation and social security	94,570	85,356	33,711	12,915
Other creditors	91,000	1,549	91,000	-
Accruals and deferred income	337,654	147,545	19,156	17,850
	<u>792,699</u>	<u>374,798</u>	<u>796,299</u>	<u>492,054</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	247,078	437,894	128,123	275,000
Net obligations under hire purchase contracts	25,814	74,541	25,814	53,690
Directors' loan accounts	145,158	145,158	145,158	145,158
Other creditors	75,000	-	75,000	-
	<u>493,050</u>	<u>657,673</u>	<u>374,095</u>	<u>473,848</u>

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Analysis of loans				
Amounts repayable by instalments:				
Not wholly repayable within five years	362,839	475,779	201,562	275,000
Included in current liabilities	(115,761)	(37,885)	(73,439)	-
	<u>247,078</u>	<u>437,894</u>	<u>128,123</u>	<u>275,000</u>

Loan maturity

In more than one year but not more than two years	115,760	111,323	73,438	73,438
In more than two years but not more than five years	131,318	315,216	54,684	201,562
In more than five years	-	11,355	-	-

The Bank of Scotland holds an unlimited debenture that creates a fixed and floating charge over the assets and undertakings of Yorkshire Investment Group Limited, Yorkshire Investment Consultants Limited and YIG Consulting Limited.

Creditors in respect of finance leases and hire purchase contracts are secured against the relevant assets.

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Net obligations under finance leases and hire purchase contracts:				
Repayable within one year	52,028	61,732	25,263	14,667
Repayable between one and five years	25,814	74,541	25,814	53,690
	<u>77,842</u>	<u>136,273</u>	<u>51,077</u>	<u>68,357</u>

Repayment of the directors' loans is not permitted within two years of the balance sheet date, unless written permission of the Financial Services Authority is received agreeing to an earlier repayment date.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

15 Provisions for liabilities and charges

Indemnity provision

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
At 1 January 2003	101,256	138,390	-	-
Profit and loss account	(45,890)	(37,134)	-	-
At 31 December 2003	<u>55,366</u>	<u>101,256</u>	<u>-</u>	<u>-</u>

16 Pensions

Defined Contribution Schemes

The company operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £39,119 (2002: £44,505).

17 Called-up share capital

	2003	2002
	£	£
Authorised		
9,600,000 ordinary shares of £1 each	9,600,000	9,600,000
350,000 ordinary B shares of £1 each	<u>350,000</u>	<u>400,000</u>
	<u>9,950,000</u>	<u>10,000,000</u>
Allotted, called-up and fully paid		
252,636 ordinary shares of £1 each	252,636	248,846
350,000 ordinary B shares of £1 each	<u>350,000</u>	<u>400,000</u>
	<u>602,636</u>	<u>648,846</u>

On 28 February 2003 the company issued 3,790 ordinary shares of £1 each at a price of £13.192 each. At the same time the company redeemed 50,000 ordinary B shares of £1 each at par.

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

18 Statement of movements on reserves

Group

	Capital Redemption Reserve £	Share Premium Account £	Profit and Loss Account £
At 1 January 2003	-	166,153	(194,857)
Retained profit (loss) for the year	-	-	79,149
Transfer from profit and loss account	3,790	-	(3,790)
Issue of shares	-	46,210	-
Transfer to capital redemption reserve	46,210	(46,210)	-
At 31 December 2003	<u>50,000</u>	<u>166,153</u>	<u>(119,498)</u>

Company

At 1 January 2003	-	166,153	(222,148)
Retained profit (loss) for the year	-	-	123,540
Transfer from profit and loss account	3,790	-	(3,790)
Issue of shares	-	46,210	-
Transfer to capital redemption reserve	46,210	(46,210)	-
At 31 December 2003	<u>50,000</u>	<u>166,153</u>	<u>(102,398)</u>

Of the reserves a total of £216,153 is not available for distribution.

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Profit (loss) for the financial year	79,149	(215,334)	123,540	(190,229)
Proceeds from the issue of shares	50,000	-	50,000	-
Redemption of shares	(50,000)	-	(50,000)	-
Net movement in shareholders' funds	<u>79,149</u>	<u>(215,334)</u>	<u>123,540</u>	<u>(190,229)</u>
Opening shareholders' funds	620,142	835,476	592,851	783,080
Closing shareholders' funds	<u>699,291</u>	<u>620,142</u>	<u>716,391</u>	<u>592,851</u>

20 Analysis of net funds

	At 1 January 2003 £	Cash flow £	At 31 December 2003 £
Cash at bank and in hand	426,687	(87,052)	339,635
Obligations under hire purchase	(136,273)	58,431	(77,842)
Debts falling due within one year	(421,521)	(73,609)	(115,761)
Debts falling due after one year	(437,894)	190,816	(247,078)
	<u>(189,632)</u>	<u>88,586</u>	<u>(101,046)</u>

Yorkshire Investment Group Limited

Notes to the financial statements for the year ended 31 December 2003

21 Reconciliation of net cash flow to movement in net debt

	2003 £	2002 £
Decrease in cash in period	(87,052)	(9,709)
Cash flow from decrease in debt	175,638	(84,103)
Change in net debt resulting from cash flows	88,586	(93,812)
Net debt at 1 January 2003	(189,632)	(95,820)
Net debt at 31 December 2003	(101,046)	(189,632)

22 Post balance sheet events

On 30 April 2004 the company issued 5,208 £1 Ordinary Shares at a price of £3.072 each.

In June 2004 Yorkshire Investment Group Limited redeemed the remaining ordinary B shares of £1 each at par.

23 Contingent liabilities

The company is party to an unlimited multilateral guarantee in respect of the fluctuating overdrafts of Yorkshire Investment Consultants Limited, YIG Consulting Limited and YIG Asset Management Limited which at 31 December 2003 amounted to £42,322 (2002: £37,885). No loss is expected to arise.

24 Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases in respect of land and buildings and plant and machinery as follows:-

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	27,663	-	27,663	5,996
Expiring between two and five years inclusive	147,932	-	175,595	-
	<u>175,595</u>	<u>-</u>	<u>203,258</u>	<u>5,996</u>

Yorkshire Investment Group Limited

**Notes to the financial statements
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25 *Related party transactions*

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosing related party transactions with wholly owned subsidiaries included in its consolidated financial statements.