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**Report of the Directors and
Financial Statements for the Period 13 December 2002 to 31 March 2004
for
Airevalley Independent Financial
Advisors Limited**



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**Airevalley Independent Financial
Advisors Limited**

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for the Period 13 December 2002 to 31 March 2004**

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**Airevalley Independent Financial
Advisors Limited**

**Company Information
for the Period 13 December 2002 to 31 March 2004**

DIRECTORS:

J. S. Lohan
M. J. Waterhouse

SECRETARY:

M. J. Waterhouse

REGISTERED OFFICE:

2 Briggate
Silsden
Keighley
West Yorkshire
BD20 9JT

REGISTERED NUMBER:

4617724

AUDITORS:

Stirk Lambert & Co
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

**Airevalley Independent Financial
Advisors Limited**

**Report of the Directors
for the Period 13 December 2002 to 31 March 2004**

The directors present their report with the financial statements of the company for the period 13 December 2002 to 31 March 2004.

INCORPORATION

The company was incorporated on 13 December 2002 and commenced trading on 1 April 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of Independent financial consultants.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

	Ordinary A shares	Ordinary B shares	Ordinary C shares
29.05.03	500	250	500
18.09.03	900	450	900
17.10.03	900	450	900
17.11.03	990	495	990
22.12.03	750	375	750
22.01.04	675	338	675
09.02.04	1000	500	1000
26.02.04	650	325	650
30.03.04	<u>1000</u>	<u>500</u>	<u>1000</u>
	<u>7365</u>	<u>3683</u>	<u>3683</u>

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2004 will be £29,460.

**Airevalley Independent Financial
Advisors Limited**

**Report of the Directors
for the Period 13 December 2002 to 31 March 2004**

DIRECTORS

The directors during the year under review were:

J. S. Lohan
M. J. Waterhouse

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

Ordinary A £1 shares	31.03.04	13.12.03
M. J. Waterhouse	2	-
Ordinary B £1 shares		
J. S. Lohan	2	-
Ordinary C £1 shares		
J. S. Lohan	1	-

Both the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

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

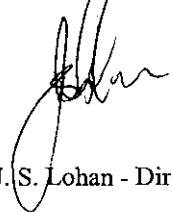
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The auditors, Stirk Lambert & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

X 

J. S. Lohan - Director

X

9 August 2004

**Report of the Independent Auditors to the Shareholders of
Airevalley Independent Financial**

We have audited the financial statements of Airevalley Independent Financial for the period ended 31 March 2004 on pages five to twelve. 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 on page three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

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 profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Stirk Lambert & Co
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

Stirk Lambert & Co

9 August 2004

**Airevalley Independent Financial
Advisors Limited**

**Profit and Loss Account
for the Period 13 December 2002 to 31 March 2004**

	Notes	£
TURNOVER		224,621
Cost of sales		<u>132,084</u>
GROSS PROFIT		92,537
Administrative expenses		<u>48,448</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	44,089
Tax on profit on ordinary activities	4	<u>8,180</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		35,909
Dividends	5	<u>29,460</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£6,449</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.


The notes form part of these financial statements

**Airevalley Independent Financial
Advisors Limited**

**Balance Sheet
31 March 2004**

	Notes	£
CURRENT ASSETS:		
Debtors	6	2,521
Cash at bank		15,315
		<hr/>
		17,836
CREDITORS: Amounts falling due within one year	7	11,384
		<hr/>
NET CURRENT ASSETS:		6,452
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£6,452</u>
		<hr/>
CAPITAL AND RESERVES:		
Called up share capital	8	3
Profit and loss account		6,449
		<hr/>
SHAREHOLDERS' FUNDS:	10	<u>£6,452</u>
		<hr/>

ON BEHALF OF THE BOARD:

X 

J. S. Lohan - Director

X

Approved by the Board on 9 August 2004

**Airevalley Independent Financial
Advisors Limited**

**Cash Flow Statement
for the Period 13 December 2002 to 31 March 2004**

	Notes	£
Net cash inflow from operating activities	1	44,775
Equity dividends paid		<u>(29,460)</u>
Increase in cash in the period		<u>£15,315</u>

Reconciliation of net cash flow to movement in net debt	2	
Increase in cash in the period		<u>15,315</u>
Change in net debt resulting from cash flows		<u>15,315</u>
Movement in net debt in the period		<u>15,315</u>
Net debt at 13 December		<u>-</u>
Net funds at 31 March		<u><u>£15,315</u></u>

The notes form part of these financial statements

**Airevalley Independent Financial
Advisors Limited**

**Notes to the Cash Flow Statement
for the Period 13 December 2002 to 31 March 2004**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	44,089
Increase in debtors	(2,518)
Increase in creditors	3,204
	<u> </u>
Net cash inflow from operating activities	<u>44,775</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 13.12.02 £	Cash flow £	At 31.3.04 £
Net cash:			
Cash at bank	-	15,315	15,315
	<u> </u>	<u> </u>	<u> </u>
	-	15,315	15,315
	<u> </u>	<u> </u>	<u> </u>
 Total	 -	 15,315	 15,315
	<u> </u>	<u> </u>	<u> </u>
Analysed in Balance Sheet			
 Cash at bank	 -		15,315
	<u> </u>		<u> </u>
	-		15,315
	<u> </u>		<u> </u>

The notes form part of these financial statements

**Airevalley Independent Financial
Advisors Limited**

**Notes to the Financial Statements
for the Period 13 December 2002 to 31 March 2004**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. STAFF COSTS

There were no staff costs for the period ended 31 March 2004.

The average monthly number of employees during the period was as follows:

=

3. OPERATING PROFIT

The operating profit is stated after charging:

Auditors' remuneration

£
875
=

Directors' emoluments

-
=

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

Current tax:

UK corporation tax

£
8,180
=

Tax on profit on ordinary activities

8,180
=

UK corporation tax has been charged at 18.41%.

**Airevalley Independent Financial
Advisors Limited**

**Notes to the Financial Statements
for the Period 13 December 2002 to 31 March 2004**

4. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

Profit on ordinary activities before tax	£ 44,089
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 18.406%	8,115
Effects of: Disallowed expenses	65
Current tax charge	8,180

5. DIVIDENDS

Equity shares:	£
2 Ordinary A shares of £1 each Interim	14,730
2 Ordinary B shares of £1 each Interim	7,365
1 Ordinary C share of £1 Interim	7,365
	29,460

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Trade debtors	1,002
Other debtors	1,519
	2,521

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Trade creditors	2,329
Taxation	8,180
Accrued expenses	875
	11,384

**Airevalley Independent Financial
Advisors Limited**

**Notes to the Financial Statements
for the Period 13 December 2002 to 31 March 2004**

8. CALLED UP SHARE CAPITAL

Authorised Number:	Class	Nominal Value:	31.03.04	13.12.02 £
2	Ordinary A	£1	2	-
2	Ordinary B	£1	2	-
1	Ordinary C	£1	<u>1</u>	<u>-</u>
			<u>5</u>	<u>-</u>

Allotted, issued and fully paid: Number:	Class	Nominal Value:	31.03.04	13.12.02 £
2	Ordinary A	£1	2	-
2	Ordinary B	£1	2	-
1	Ordinary C	£1	<u>1</u>	<u>-</u>
			<u>5</u>	<u>-</u>

Allotments during the year

In January 2003 one Ordinary A share and one ordinary B share of £1 each were issued.

In June 2003 one Ordinary A share, one ordinary B share and one ordinary C share of £1 each were issued.

The rights of the three classes of issued shares are as follows:

Dividends

Dividends may be declared in favour of one or some classes of shares to the exclusion of any other class or classes of shares and within a class in whatever proportions the directors may in their absolute discretion decide.

Voting

The A, B and C shares shall entitle their holders to receive notice of and attend all general meetings of the company, however, they shall not entitle the holders to vote at such meetings or count in the quorum thereat.

Rights

The A, B and C shares shall rank as separate classes of shares for all purposes and none shall have any rights beyond those set out above.

9. RELATED PARTY DISCLOSURES

Messrs J. S. Lohan and M. J. Waterhouse are also partners in Airevalley Insurance Services. During the year management charges of £21,320 were charged to Airevalley Independent Financial Advisors Limited.

Other debtors includes £1,516 owed by Airevalley Insurance Services.

The Directors control the company by virtue of their shareholding.

**Airevalley Independent Financial
Advisors Limited**

**Notes to the Financial Statements
for the Period 13 December 2002 to 31 March 2004**

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	35,909
Dividends	(29,460)
	<hr/>
	6,449
Issue of share capital during year	3
	<hr/>
Net addition to shareholders' funds	6,452
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	6,452
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Equity interests	<u>6,452</u>