

**ASSET MANAGEMENT INDEPENDENT
FINANCIAL ADVISERS LIMITED**

FINANCIAL STATEMENTS

31ST MARCH 1998

Company Registration Number 2150087

HOPPER WILLIAMS & BELL

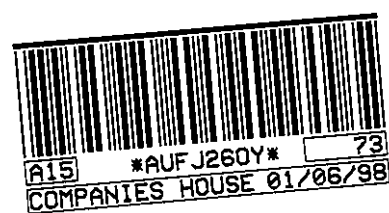
Chartered Accountants & Registered Auditor

Abacus House

1 Spring Crescent

Portswood

Southampton



ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

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ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

R H Carne
Mrs J M Parker
Mrs N J Carne

COMPANY SECRETARY

Mrs N J Carne

REGISTERED OFFICE

40 Victoria Road
Woolston
Southampton
SO19 9DX

AUDITORS

Hopper Williams & Bell
Chartered Accountants & Registered Auditor
Abacus House
1 Spring Crescent
Portswood
Southampton

BANKERS

Lloyds Bank plc
1 Victoria Road
Woolston
Southampton

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 1998

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of independent financial advice.

There were no significant developments in the company's business during the year and no major changes are planned for the coming year.

The directors are of the opinion that the company was in a satisfactory position at the year end.

RESULTS AND DIVIDENDS

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

The directors have recommended the following dividends:

	1998	1997
	£	£
Dividends paid on ordinary shares	31,323	48,147
Dividends paid on preference shares	1,800	-
	<u>33,123</u>	<u>48,147</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 Mar 98	At 1 Apr 97
R H Carne	Ordinary	5,001	5,001
"	Redeemable Preference	30,000	30,000
Mrs J M Parker		-	-
Mrs N J Carne	Ordinary	<u>4,999</u>	<u>4,999</u>

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 at the end of the year and of the profit or loss for the year then ended.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 1998

DIRECTORS' RESPONSIBILITIES *(continued)*

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

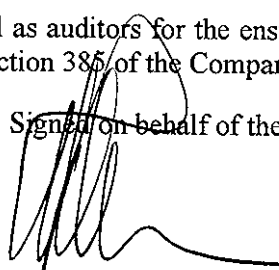
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Hopper Williams & Bell as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
40 Victoria Road
Woolston
Southampton
SO19 9DX

Signed on behalf of the directors



R H Carne
Director

Approved by the directors on 29th May 1998.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST MARCH 1998

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

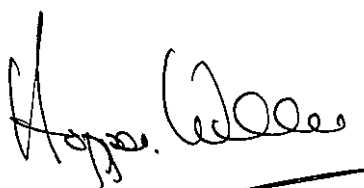
BASIS OF OPINION

We conducted our audit in accordance with 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 company's state of affairs as at 31st March 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Abacus House
1 Spring Crescent
Portswood
Southampton

HOPPER WILLIAMS & BELL
Chartered Accountants
& Registered Auditor

29th May 1998

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 1998

	Note	1998 £	1997 £
TURNOVER:		504,069	451,289
Cost of sales		(172,078)	(153,969)
GROSS PROFIT		<u>331,991</u>	<u>297,320</u>
Administrative expenses		(264,370)	(239,820)
Other operating income		2,161	-
OPERATING PROFIT	2	<u>69,782</u>	<u>57,500</u>
Interest receivable	5	2,505	1,000
Interest payable	6	(557)	(1,437)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>71,730</u>	<u>57,063</u>
Tax on profit on ordinary activities	7	(16,488)	(14,403)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>55,242</u>	<u>42,660</u>
Dividends (including non-equity)	8	(33,123)	(48,147)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>22,119</u>	<u>(5,487)</u>
Balance brought forward		(4,771)	716
Balance carried forward		<u>17,348</u>	<u>(4,771)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

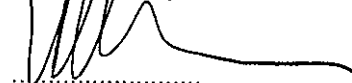
BALANCE SHEET

31ST MARCH 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Intangible assets	9	20,801	22,534
Tangible assets	10	25,065	34,158
		<u>45,866</u>	<u>56,692</u>
CURRENT ASSETS			
Debtors	11	13,396	21,458
Cash at bank and in hand		77,074	45,455
		<u>90,470</u>	<u>66,913</u>
CREDITORS: Amounts falling due within one year	12	<u>(61,307)</u>	<u>(58,166)</u>
NET CURRENT ASSETS		29,163	8,747
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>75,029</u>	<u>65,439</u>
CREDITORS: Amounts falling due after more than one year	13	<u>(1,943)</u>	<u>(15,969)</u>
		73,086	49,470
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	14	<u>(15,738)</u>	<u>(14,241)</u>
NET ASSETS		<u>57,348</u>	<u>35,229</u>
CAPITAL AND RESERVES			
Called-up share capital	17	40,000	40,000
Profit and loss account		17,348	(4,771)
SHAREHOLDERS' FUNDS (including non-equity interests)	18	<u>57,348</u>	<u>35,229</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 29th May 1998, and are signed on their behalf by:



R H CARNE

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 1998

	1998	1997
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	92,008	51,921
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,505	1,000
Interest paid	-	(36)
Interest element of finance lease rental payments	(557)	(1,401)
Non-equity dividends paid	(1,800)	-
Net cash inflow/(outflow) from returns on investments and servicing of finance	148	(437)
TAXATION	(4,442)	(16,848)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(10,358)	(29,504)
Receipts from sale of fixed assets	14,348	-
Net cash inflow/(outflow) from capital expenditure	3,990	(29,504)
EQUITY DIVIDENDS PAID	(31,323)	(48,147)
Cash inflow/(outflow) before financing	60,381	(43,015)
FINANCING		
Issue of non-equity share capital	-	30,000
Net (outflow)/inflow in respect of finance leases	(16,557)	21,832
Net cash (outflow)/inflow from financing	(16,557)	51,832
INCREASE IN CASH	43,824	8,817

This cash flow statement has been prepared in accordance with the revised Statement of Standard Accounting Practice set out in Financial Reporting Standard 1 (Revised 1996) issued by the Accounting Standards Board in October 1996. All comparatives have been restated to comply with the new Standard.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31ST MARCH 1998
**RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Operating profit	69,782	57,500
Amortisation	1,733	1,733
Depreciation	7,264	8,080
Profit on disposal of fixed assets	(2,161)	-
Decrease/(Increase) in debtors	8,062	(3,703)
Increase/(Decrease) in creditors	5,831	(11,689)
Net cash inflow from operating activities	<u>90,511</u>	<u>51,921</u>

**RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT
IN NET FUNDS**

	1998 £	1997 £
Increase in cash in the period	43,824	8,817
Net (outflow)/inflow in respect of finance leases	<u>16,557</u>	<u>(21,832)</u>
Change in net funds	60,381	(13,015)
Net debt at 1st April 1997	<u>(4,505)</u>	<u>8,510</u>
Net funds at 31st March 1998	<u>55,876</u>	<u>(4,505)</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST MARCH 1998

ANALYSIS OF CHANGES IN NET FUNDS

	1 Apr 97 £	Cash flows £	31 Mar 98 £
Cash in hand, at bank	45,455	31,619	77,074
Overdrafts	(28,128)	12,205	(15,923)
		<u>43,824</u>	
Debt due within 1 year	(5,863)	2,531	(3,332)
Debt due after 1 year	(15,969)	14,026	(1,943)
		<u>16,557</u>	
	<u>(4,505)</u>	<u>60,381</u>	<u>55,876</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover represents commissions on investment business which is credited to income when received.

Alterations in commissions arising from lapses and other adjustments are taken into account as and when they occur.

Goodwill

Purchased goodwill is capitalised and is amortised over 15 years, which is in the directors opinion its useful economic life.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment	25% Straight Line
Motor Vehicles	25% Reducing Balance
Equipment	15% Reducing Balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1998 £	1997 £
Amortisation	1,733	1,733
Depreciation	7,264	8,080
Profit on disposal of fixed assets	(2,161)	-
Auditors' fees	4,393	2,744
Operating lease costs:		
Land and buildings	<u>15,195</u>	<u>13,526</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to 9 (1997 - 8).

The aggregate payroll costs of the above were:

	1998 £	1997 £
Wages and salaries	109,542	117,917
Social security costs	<u>7,404</u>	<u>6,841</u>
	<u>116,946</u>	<u>124,758</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Aggregate emoluments	<u>48,475</u>	<u>42,999</u>

5. INTEREST RECEIVABLE

	1998 £	1997 £
Bank interest receivable	<u>2,505</u>	<u>1,000</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

6. INTEREST PAYABLE

	1998 £	1997 £
Finance charges	557	1,401
Other interest	-	36
	<u>557</u>	<u>1,437</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax based on the results for the year at 21% (1997 - 24%)	<u>16,488</u>	<u>14,403</u>

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	1998 £	1997 £
Dividends paid on equity shares	31,323	48,147
Dividends paid on non-equity shares	1,800	-
	<u>33,123</u>	<u>48,147</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 1997 and 31st March 1998	<u>26,000</u>
AMORTISATION	
At 1st April 1997	3,466
Charge for the year	1,733
At 31st March 1998	<u>5,199</u>
NET BOOK VALUE	
At 31st March 1998	<u>20,801</u>
At 31st March 1997	<u>22,534</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

10. TANGIBLE FIXED ASSETS

	Computer Equipment £	Motor Vehicles £	Office Equipment £	Total £
COST				
At 1st April 1997	10,837	26,245	8,476	45,558
Additions	4,731	-	5,627	10,358
Disposals	-	(16,250)	-	(16,250)
At 31st March 1998	<u>15,568</u>	<u>9,995</u>	<u>14,103</u>	<u>39,666</u>
DEPRECIATION				
At 1st April 1997	4,835	4,479	2,086	11,400
Charge for the year	3,445	2,395	1,424	7,264
On disposals	-	(4,063)	-	(4,063)
At 31st March 1998	<u>8,280</u>	<u>2,811</u>	<u>3,510</u>	<u>14,601</u>
NET BOOK VALUE				
At 31st March 1998	<u>7,288</u>	<u>7,184</u>	<u>10,593</u>	<u>25,065</u>
At 31st March 1997	<u>6,002</u>	<u>21,766</u>	<u>6,390</u>	<u>34,158</u>

Hire purchase agreements

Included within the net book value of £25,065 is £9,579 (1997 - £21,766) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £2,395 (1997 - £4,479).

11. DEBTORS

	1998 £	1997 £
Other debtors	6,810	11,489
Prepayments and accrued income	<u>6,586</u>	<u>9,969</u>
	<u>13,396</u>	<u>21,458</u>

The debtors above include the following amounts falling due after more than one year.

	1998 £	1997 £
Other debtors	<u>-</u>	<u>4,000</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

12. CREDITORS: Amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	15,923	28,128
Other creditors including:		
Advance Corporation Tax	6,004	-
Corporation Tax	8,409	2,367
Hire purchase agreements	3,332	5,863
Other creditors	17,670	14,082
Directors current accounts	1,001	282
	<u>36,416</u>	<u>22,594</u>
Accruals and deferred income	8,968	7,444
	<u>61,307</u>	<u>58,166</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1998	1997
	£	£
Hire purchase accounts	<u>3,332</u>	<u>5,863</u>

13. CREDITORS: Amounts falling due after more than one year

	1998	1997
	£	£
Hire purchase agreements	<u>1,943</u>	<u>15,969</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1998	1997
	£	£
Hire purchase accounts	<u>1,943</u>	<u>15,969</u>

14. OTHER PROVISIONS

	1998	1997
	£	£
Other provisions	<u>15,738</u>	<u>14,241</u>

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1998 £	1997 £
Amounts payable within 1 year	3,740	7,651
Amounts payable between 2 to 5 years	2,182	18,144
	<u>5,922</u>	<u>25,795</u>
Less interest and finance charges relating to future periods	(647)	(3,963)
	<u>5,275</u>	<u>21,832</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31st March 1998 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	1998 £	1997 £
Operating leases which expire:		
After more than 5 years	<u>15,346</u>	<u>13,526</u>

17. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
10,000 Ordinary shares of £1 each	10,000	10,000
30,000 Redeemable Preference shares of £1 each	30,000	30,000
	<u>40,000</u>	<u>40,000</u>

Allotted, called up and fully paid:

	1998		1997	
	No.	£	No.	£
Ordinary shares	10,000	10,000	10,000	10,000
Redeemable Preference shares	30,000	30,000	30,000	30,000
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

Redemption of the redeemable preference shares shall be effected on the fourth anniversary of the date of issue at their par value.

ASSET MANAGEMENT INDEPENDENT FINANCIAL ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Equity shareholders' funds

	1998 £	1997 £
Profit for the financial year	55,242	42,660
Dividends	(33,123)	(48,147)
	<u>22,119</u>	<u>(5,487)</u>
Opening shareholders' equity funds	5,229	10,716
Closing shareholders' equity funds	<u>27,348</u>	<u>5,229</u>

Non-equity shareholders' funds

	1998 £	1997 £
Opening shareholders' non-equity funds	30,000	-
New non-equity share capital subscribed	-	30,000
Closing shareholders' non-equity funds	<u>30,000</u>	<u>30,000</u>

19. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Carne, a director throughout the period. As last year and as disclosed in the Directors' Report, Mr Carne and his wife, also a director, are personally interested in 100% of the company's share capital.

Mr Carne is the owner of the property from which the company trades. During the year £15,195 (1997 - £13,526) was charged, by Mr Carne, to the company as rent.

Also during the year the company wrote off a loan of £4,000 due from Asset Insurance Brokers Limited, a company of which Mr Carne is a director and shareholder. Included in other debtors is an amount due from Hughes Carne Independent Financial Advisers Limited of £5,500 (1997 £6,500), a company of which Mr Carne is a director and shareholder.