

COLUMBUS FINANCIAL ADVISERS LIMITED**Company number 2355062****Financial Statements****for the year ended 31 March 2002**

COLUMBUS FINANCIAL ADVISERS LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

C C Walker
M R A Carlton

SECRETARY

H Fleming

REGISTERED OFFICE

Hanover Place
8 Church Road
Tunbridge Wells
Kent TN1 1JP

BANKERS

Barclays Bank plc
PO Box 2165
Crawley
West Sussex
RH10 1YX

AUDITORS

Kingston Smith
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

COLUMBUS FINANCIAL ADVISERS LIMITED
REPORT OF THE DIRECTORS

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

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,306 (2001: £6,378), which is to be transferred to accumulated losses.

The results of the company for the year are set out on page 6.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity during the year was the provision of financial services. It was regulated by the FSA (Financial Services Authority). The directors anticipate a return to operating profit in the coming year.

The directors do not anticipate any major changes to the nature of the business during the coming year.

Charitable donations of £350 (2001 £350) were made during the year.

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests (including family interests) in the share capital of the company, at the beginning and end of the year, were as follows:

| | <u>At 31 March 2002</u> | <u>At 1 April 2001</u> |
|---|----------------------------|----------------------------|
| | Ordinary Shares | Ordinary Shares |
| L C Seely (resigned 8 October 2002) | 385,000 | 385,000 |
| C C Walker | 275,000 | 275,000 |
| M R A Carlton | 155,295 | 155,295 |
| M W Delmar-Morgan (resigned 8 October 2002) | - | - |

AUDITORS

Kingston Smith were appointed auditors during the year. They have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be reappointed auditors to the company for the ensuing year.

BY ORDER OF THE BOARD


H. FLEMING
SECRETARY

date 27/1/03

Hanover place, 8 Church Road, Tunbridge Wells,
Kent, TN1 1JP.

COLUMBUS FINANCIAL ADVISERS LIMITED DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS

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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

Independent auditors' report to the shareholders of Columbus Financial Advisers Limited

We have audited the financial statements of Columbus Financial Advisers Limited for the year ended 31 March 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

COLUMBUS FINANCIAL ADVISERS LIMITED
DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS (continued)

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 the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith
Kingston Smith
Chartered Accountants
and Registered Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

28th January 2003

COLUMBUS FINANCIAL ADVISERS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

| | Note | 2002 £ | 2001 £ |
|--|-------------|------------------------|--------------------------|
| TURNOVER-Continuing activities | | | |
| Cost of sales | 2 | 1,649,851 (941,744) | 2,958,456 (2,010,947) |
| Gross profit | | 708,107 | 947,509 |
| Administrative expenses | | (714,685) | (954,180) |
| OPERATING LOSS | 3 | (6,578) | (6,671) |
| Bank interest receivable | | 11,570 | 18,858 |
| Bank and loan interest payable | | (16) | (120) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 4,976 | 12,067 |
| TAXATION CREDIT / (CHARGE) | 5 | 1,330 | (5,689) |
| PROFIT FOR FINANCIAL YEAR | | 6,306 | 6,378 |
| ACCUMULATED LOSSES | | | |
| At 1 April 2001 | | (54,308) | (60,686) |
| Profit for the financial year | | 6,306 | 6,378 |
| At 31 March 2002 | | (48,002) | (54,308) |

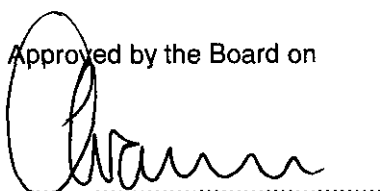
There are no realised gains or losses other than those included in the profit and loss account.

Notes 1-18 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
BALANCE SHEET AT 31 MARCH 2002

| | Note | 2002 £ | 2001 £ |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 19,826 | 28,686 |
| Investments | 7 | 10,225 | 75 |
| | | <u>30,051</u> | <u>28,761</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 166,266 | 466,242 |
| Cash at bank and in hand | | 245,631 | 372,322 |
| | | <u>411,897</u> | <u>838,564</u> |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | 9 | (151,714) | (596,480) |
| NET CURRENT ASSETS | | <u>260,183</u> | <u>242,084</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 290,234 | 270,845 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 10 | (110,083) | (97,000) |
| NET ASSETS | | <u>180,151</u> | <u>173,845</u> |
| CAPITAL AND RESERVES | | | |
| Called Up Share Capital | 11 | 228,153 | 228,153 |
| Profit and Loss Account | | (48,002) | (54,308) |
| Equity Shareholders' Funds | | <u>180,151</u> | <u>173,845</u> |

Approved by the Board on



27/1/03

C. C. WALKER
DIRECTOR

Notes 1-18 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

| | Note | 2002 £ | 2001 £ |
|--|-----------------|-----------------------|-----------------------|
| NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES | 17 | (112,142) | 97,834 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest paid | (16) | (120) | |
| Interest received | 11,570 | 18,858 | |
| Net cash flow from returns on investments and servicing of finance | | 11,554 | 18,738 |
| TAXATION | | (5,993) | (5,807) |
| INVESTING ACTIVITIES | | | |
| Purchase of tangible fixed assets | (9,960) | (16,091) | |
| Purchase of investment securities | <u>(10,150)</u> | <u>(75)</u> | |
| Net cash outflow from investing activities | | (20,110) | (16,166) |
| Net cash (outflow) / inflow before financing | | <u>(126,691)</u> | <u>94,599</u> |
| FINANCING | | | |
| (DECREASE) / INCREASE IN CASH IN THE YEAR | 18 | <u>(126,691)</u> | <u>94,599</u> |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS | | | |
| (Decrease) / increase in cash in the year | 18 | <u>(126,691)</u> | <u>94,599</u> |
| Movement in net funds | | (126,691) | 94,599 |
| Net funds at 1 April 2001 | | <u>372,322</u> | <u>277,723</u> |
| Net funds at 31 March 2002 | | <u><u>245,631</u></u> | <u><u>372,322</u></u> |

Notes 1-18 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES

(a) Accounting basis and standards

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

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected economic useful life, as follows:

| | | |
|-----------------------|---|----------------------|
| Computer systems | - | over two-three years |
| Office furniture | - | over four years |
| Fixtures and fittings | - | over four years |
| Office equipment | - | over four years |

(c) Leasing commitments

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

(d) Deferred taxation

Provision is made for deferred taxation on all reversible timing differences but deferred tax assets are only recognised where recoverability is anticipated.

(e) Pension scheme arrangements

The company makes contributions to the personal pension schemes of directors and other employees. The assets of these schemes are held separately from the assets of the company. The charge to the profit and loss account represents contributions payable to the schemes, which are defined contribution schemes.

2 TURNOVER

Turnover represents the commissions earned from the one principal activity of providing financial services. Full credit is taken for initial commissions due on all business debited in the year irrespective of the period of the policy. Renewal commission is accounted for when received. Provision is made for commissions on indemnity terms which are repayable in the year together with further provision based on previous experience.

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3 OPERATING LOSS

| | 2002 | 2001 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| This is stated after charging: | | |
| Directors' emoluments (see note 4) | 539,406 | 852,279 |
| Auditors' remuneration | 7,500 | 10,616 |
| Depreciation - owned assets | 18,820 | 21,017 |
| Operating leases | | |
| - land and buildings | 32,592 | 20,987 |
| - other | 5,907 | 5,478 |

COLUMBUS FINANCIAL ADVISERS LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)****4 EMPLOYEES**

| | 2002 £ | 2001 £ |
|-------------------------|----------------|----------------|
| Directors' Remuneration | | |
| Emoluments | 518,764 | 839,128 |
| Pension contributions | 20,642 | 13,151 |
| | <u>539,406</u> | <u>852,279</u> |

The emoluments of the highest paid director amounted to £208,409 (2001: £574,371). The pension contributions made by the company to money purchase schemes for that director amounted to £5,758 (2001: £3,960)

Staff costs (including Directors)

| | | |
|-----------------------|------------------|------------------|
| Wages and salaries | 962,312 | 1,170,910 |
| Social security costs | 105,671 | 140,003 |
| Pension contributions | 36,546 | 24,758 |
| | <u>1,104,529</u> | <u>1,335,671</u> |

The average weekly number of employees during the year was made up as follows:-

| | 2002 | 2001 |
|----------------|-----------|-----------|
| Technical | 3 | 3 |
| Administration | 12 | 18 |
| | <u>15</u> | <u>21</u> |

5 TAXATION

| | 2002 £ | 2001 £ |
|--|----------------|--------------|
| (a) Analysis of charge for the year: | | |
| Current tax | | |
| UK corporation tax charge on profit for the year | 705 | 3,270 |
| Adjustments in respect of prior years | (2,035) | 2,419 |
| Tax (credit) / charge on profit on ordinary activities (Note 5(b)) | <u>(1,330)</u> | <u>5,689</u> |

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the starting rate of corporation tax in the U.K. of 10%. The differences are explained below:

| | | |
|---|----------------|--------------|
| Profit on ordinary activities before tax | 4,976 | 12,067 |
| Profit on ordinary activities multiplied by the starting rate / small companies rate in the U.K. of 10% / 20% | 498 | 2,413 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 176 | 324 |
| Depreciation in excess of capital allowances | 31 | 1,281 |
| Small companies starting rate relief | - | (748) |
| Adjustments to the tax charge in respect of previous years. | (2,035) | 2,419 |
| Current tax (credit) / charge for the year (Note 5(a)) | <u>(1,330)</u> | <u>5,689</u> |

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)
6 TANGIBLE FIXED ASSETS

| | Computer and Office Equipment £ | Office Furniture Fixtures & Fittings £ | Total £ |
|------------------------|---------------------------------------|--|----------------|
| Cost: | | | |
| At 1 April 2001 | 73,291 | 28,284 | 101,575 |
| Additions | 9,960 | 0 | 9,960 |
| Disposals | (7,366) | (4,148) | (11,514) |
| At 31 March 2002 | <u>75,885</u> | <u>24,136</u> | <u>100,021</u> |
| Depreciation: | | | |
| At 1 April 2001 | 52,838 | 20,051 | 72,889 |
| Charge for year | 13,059 | 5,761 | 18,820 |
| Eliminated on disposal | (7,366) | (4,148) | (11,514) |
| At 31 March 2002 | <u>58,531</u> | <u>21,664</u> | <u>80,195</u> |
| Net book value: | | | |
| At 31 March 2002 | <u>17,354</u> | <u>2,472</u> | <u>19,826</u> |
| At 31 March 2001 | <u>20,453</u> | <u>8,233</u> | <u>28,686</u> |

7 UNLISTED INVESTMENTS

| | Total £ |
|------------------|---------------|
| Cost | |
| At 1 April 2001 | 75 |
| Additions | 10,150 |
| At 31 March 2002 | <u>10,225</u> |

The company holds 4500 options to purchase class C shares in Integrated Financial Arrangements PLC at £0.05 per option. The option may be exercised 10 business days following the earlier of 5 January 2005, the date of floatation or the date of the sale of the company. The exercise price is £1 per option.

During the year, the company purchased 1,053 ordinary shares in Integrated Financial Arrangements PLC at a cost of £10,000.

8 DEBTORS

| | 2002 £ | 2001 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 119,285 | 424,687 |
| Prepayments | 20,299 | 20,050 |
| Other debtors | 19,344 | 14,167 |
| Share capital called up but unpaid | 7,338 | 7,338 |
| | <u>166,266</u> | <u>466,242</u> |

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2002 £ | 2001 £ |
|---------------------------------|----------------|----------------|
| Trade creditors | 106,538 | 243,371 |
| Corporation Tax | 705 | 5,610 |
| Social Security and other taxes | 6,558 | 41,618 |
| Other creditors | 24,586 | 211,736 |
| Accruals | 13,327 | 94,145 |
| | <u>151,714</u> | <u>596,480</u> |

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)

| 10 PROVISIONS FOR LIABILITIES AND CHARGES | 2002 | 2001 |
|--|----------------|---------------|
| | £ | £ |
| Cost | | |
| At 1 April 2001 | 97,000 | - |
| Movement in the year | 13,083 | 97,000 |
| At 31 March 2002 | <u>110,083</u> | <u>97,000</u> |

Following a pension review, ten pensions were highlighted where possible redress was required. Full provision for the professional Indemnity Insurance excess has been provided.

| 11 SHARE CAPITAL | 2002 | 2001 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Authorised: | | |
| Ordinary Shares of 1p each | 41,024 | 41,024 |
| Deferred Shares of 1p each | 217,800 | 217,800 |
| | <u>258,824</u> | <u>258,824</u> |
| Allotted, Called-up and Fully Paid | | |
| Ordinary Shares of 1p each | 2,200 | 2,200 |
| Deferred Shares of 1p each | 217,800 | 217,800 |
| Allotted, Called-Up and Partly Paid | | |
| Ordinary Shares of 1p each | 8,153 | 8,153 |
| | <u>228,153</u> | <u>228,153</u> |

The Deferred shares of 1p each are entitled, on liquidation, to return of an amount equivalent to nominal value and have no other participation right. Such right is subject to a minimum return to Ordinary shareholders on liquidation of £1,000 per share. Accordingly, the holders of Deferred 1p shares have no participation in existing shareholders' funds.

The movement in equity shareholders' funds during the year is represented by:

| | | |
|-----------------------------|----------------|----------------|
| Opening shareholders' funds | 173,845 | 167,467 |
| Profit for year | 6,306 | 6,378 |
| Closing shareholders' funds | <u>180,151</u> | <u>173,845</u> |

12 PENSIONS

The company has made payments to money purchase schemes on behalf of directors and employees amounting to £36,546 (2001: £24,758).

13 OPERATING LEASES

The company has the following commitments under operating leases which expire:

| | <u>Land and</u> | <u>Other</u> | <u>Total</u> |
|----------------------|------------------|------------------|--------------|
| | <u>Buildings</u> | <u>Equipment</u> | |
| | £ | £ | £ |
| In two to five years | - | 3,023 | 3,023 |

COLUMBUS FINANCIAL ADVISERS LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)****14 CONTINGENT LIABILITIES**

At 31 March 2002 the Company had no contingent liabilities that require disclosure (2001 - Nil).

15 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year policies were negotiated for directors and their connected persons in accordance with normal trading terms, together with commission participation arrangements.

During the year introducer commissions of £53,022 (2001: Nil) were receivable from Columbus Consulting Limited, a company controlled by C.C. Walker. The amount outstanding at the end of the year was £22,140 (2001: £ Nil).

16 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is C.C. Walker, a director of the company, by virtue of his current shareholding.

**17 RECONCILIATION OF OPERATING LOSS
TO OPERATING CASH FLOW**

| | 2002 £ | 2001 £ |
|---|------------------|---------------|
| Operating loss | (6,578) | (6,671) |
| Depreciation charges | 18,820 | 21,017 |
| Decrease / (increase) in debtors | 302,394 | (116,784) |
| (Decrease) / increase in creditors | (426,778) | 200,272 |
| Net cash (outflow) / inflow from operating activities | <u>(112,142)</u> | <u>97,834</u> |

18 ANALYSIS OF FUNDS

| | | £ |
|----------------------------|------------------|------------------|
| Cash at bank and net funds | at 1 April 2001 | 372,322 |
| Cash Flow during the year | | <u>(126,691)</u> |
| Cash at bank and net funds | at 31 March 2002 | <u>245,631</u> |